

NUMBER 6 • NOVEMBER 1959

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NATIONAL INSTITUTE  
ECONOMIC  
REVIEW

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This is a two-monthly review.

The first issue, published in January 1959, presented a full-length survey of the economic situation, which will be repeated annually. This and other numbers contain a shorter general survey, followed by special articles on topical economic problems and studies of underlying economic trends.

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# SUMMARY

## **The economic position—Britain**

Industrial production has risen 7-8 per cent in a year, and should go on rising, perhaps more slowly : exports should continue to rise and, on balance, so should consumer spending. The supply of labour should not set a limit to the increase in output—employment is hardly higher than a year ago ; capacity, in general, is not yet strained. Neither prices nor the balance of payments need cause anxiety at the moment. Import prices have moved little ; labour costs per unit of output have fallen since a year ago ; profits per unit are higher. Imports have risen appreciably, and will probably rise more ; stocks of imported commodities have scarcely yet been re-built. The incomes of primary producing countries in the sterling area have been recovering. So far this has benefited the reserves. Now it should begin to benefit British exports.

## **The economic position—western Europe**

Rising consumer demand is behind the recovery in western Europe—except in Germany and France, where investment and exports have been more important. With rising wages, consumer demand should continue upwards. The increase in exports has so far gone either to other European countries or to North America ; exports to primary producers should rise soon. Generally, capacity should not limit the rise in output—though the supply of labour may do so later ; in West Germany in particular, employment cannot increase as fast as heretofore. A few governments have taken budgetary and other measures to restrain the growth of demand. In western Europe in general, and especially in Germany, the future rise in output will probably be slower than from 1952 to 1955.

## **Trends in world trade in durable consumer goods**

The share of durable consumer goods in world trade is rising. Demand for them tends to grow faster than income ; figures of ownership and income per head in a number of countries support this. Production is still highly concentrated in a few industrial countries ; trade between these countries accounts for over half the recent rise in total foreign trade in these goods. By contrast, the main industrialising countries have hardly raised their imports at all. Competitive shares in the world export market have changed substantially : the United States share is generally lower than before the war ; Germany has not recovered her pre-war share in some items, but in others has exceeded it ; Japan has gained a large part of the market for sewing machines, cameras and radio sets. Since 1955, Britain has done much better with passenger cars than with household durables. The pull of the home market does not seem to explain poor export performance, either in Britain or in other countries.

## **A review of Soviet economic progress**

This article reviews the impressive rise in output since the war ; the aims stated by Stalin in 1946 have been surpassed. When Stalin died, the main problems on hand were : neglect of the consumer goods industries, of agriculture and of housing ; and the excessive centralisation of control. Under Malenkov there was a shift of emphasis to agriculture and consumer goods, which has continued. The 1955-60 plan ran into difficulties because it required more investment in the early years than could be afforded. The plan was withdrawn and was replaced by a seven-year plan (1958-1965). The planned rate of growth is lower than in the past ; even so, the figure for industrial output is  $8\frac{1}{2}$  per cent a year. House building is being accelerated, and working hours reduced. Agricultural output is to rise faster than from 1952 to 1958. So far, the plan for industry has been fulfilled ; the plan for agriculture may run into difficulties. East-West trade has risen rapidly in recent years but is still small. The habit of autarky is probably too strong to allow it to become very large.



# THE ECONOMIC SITUATION

*The whole of our next issue will be devoted to an annual review of the economy, based partly on the results of an enquiry into spare capacity, investment and other trends, for which interviews with a sample of firms in manufacturing industry are now being undertaken. The following review briefly surveys recent developments at home and analyses trends on the Continent.*

## THE POSITION IN BRITAIN

Industrial expansion continues. The index of production has now risen 7 to 8 per cent in a year; there are no signs of a labour shortage, the balance of payments surplus is still adequate, and prices are still flat. The initial effects of the Government's expansionary measures are now wearing off and production may rise more slowly—though it should still go on rising. It is unlikely that there will be any need in the coming months for Government action to check the rise in demand.

### Production and employment

During the third quarter the rise in production was hindered a little by strikes in the motor car industry, the printing industry and the oxygen industry, and by the shortage of sheet steel. Nevertheless the index of industrial production is provisionally estimated to have risen by 2 to 3 per cent. That is much the same as the rate of increase that has been sustained since recovery began.

**Table 1. Industrial production, seasonally adjusted**

	1958				1959		
	I	II	III	IV	I	II	III
Index, 1954 = 100	107	106	105	106	108	110	113
Change over previous quarter	—	-1	-1	+1	+2	+2	+3

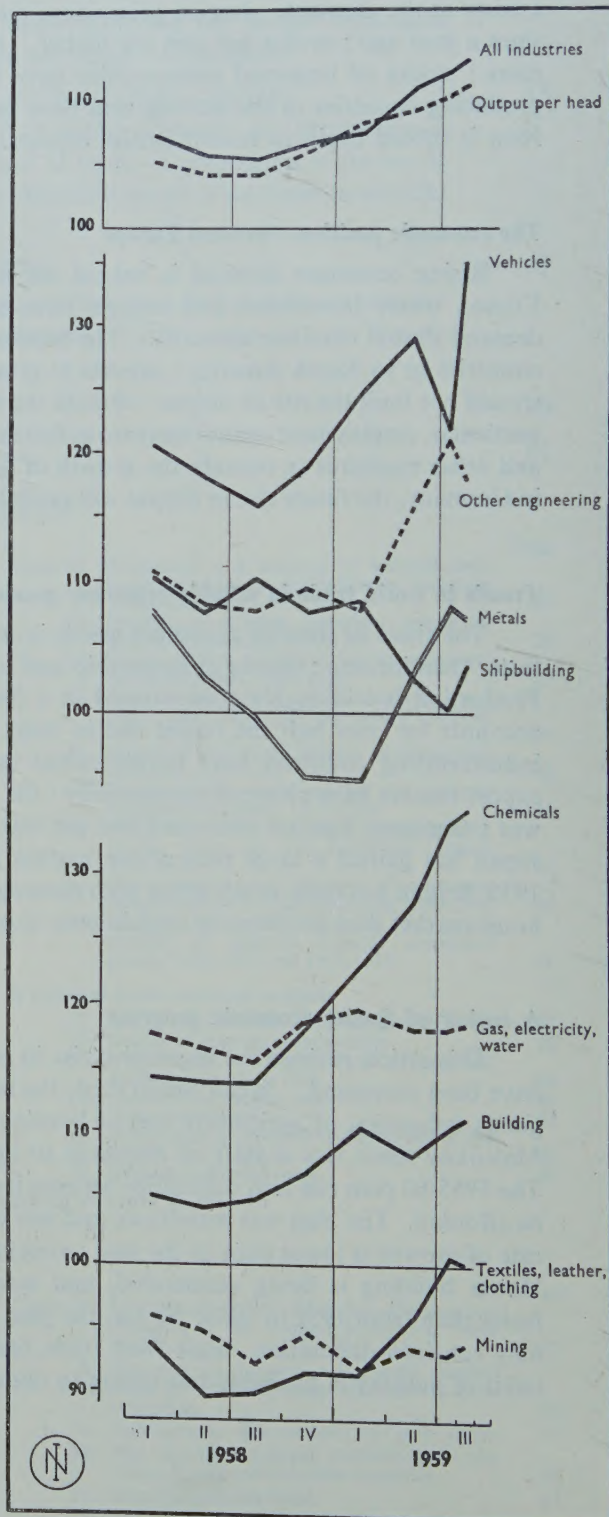
The rise in production has continued to be achieved mainly by higher output per man. Employment in industry (that is, in those industries covered by the index of industrial production) rose by  $\frac{3}{4}$  per cent (seasonally corrected) between June and September, but the average for the third quarter was barely higher than it had been during the recession a year earlier. Outside industry, employment rose less.

Unemployment, seasonally corrected, has been virtually stable since mid-June, fluctuating about a figure of just over 400 thousand or roughly 2 per cent

of the labour force. It remained at this level in October, according to the provisional figure. The number of unfilled vacancies, seasonally corrected,

**Chart 1. Industrial production in the United Kingdom**

Index numbers, 1954 = 100, seasonally adjusted



Source : Appendix table 2, and NIESR estimates.



**Table 2. Changes in national expenditure***£ million, 1954 market prices, quarterly averages, seasonally adjusted*

	1958 II	Change from previous quarter				Change from 1958 II to 1959 II
		1958 III	1958 IV	1959 I	1959 II	
Consumers' expenditure .. .. .	3,262	— 8	+ 66	— 7	+110	+161
Public authorities' current spending ..	743	— 3	— 6	+ 4	+ 30	+ 25
Gross fixed investment .. .. .	740	+ 3	— 3	+15	+ 13	+ 28
Exports of goods and services .. .. .	965	+ 54	— 27	—46	+ 71	+ 52
<b>Total .. .. .</b>	<b>5,708</b>	<b>+ 46</b>	<b>+ 30</b>	<b>—34</b>	<b>+224</b>	<b>+266</b>
Value of physical stock change .. ..	—30	+105	— 50	—60	+110	+105
<b>Total final expenditure .. .. .</b>	<b>5,680</b>	<b>+151</b>	<b>— 20</b>	<b>—94</b>	<b>+334</b>	<b>+371</b>

Source : Appendix table 1.

increased slightly between August and October, reaching 1.2 per cent of the labour force. But at this level it remained well below the number of unemployed. The labour position still appears to be easier than in any post-war year except 1952 and 1958.

Production has risen in all the main sectors of industry except coal-mining and ship-building (chart 1). Steel production has continued to recover and is now at about the 1957 level; chemical output has risen very sharply; output of textiles and clothing, like that of other consumer goods, has risen rapidly.

Output of plant and machinery still lags behind, but there is now evidence of some recovery. The rise in output of durable consumer goods, though very rapid, does not explain the whole of the 6 to 7 per cent increase in engineering output over the past year. A small part appears to be due to higher output of plant and machinery resulting from higher exports and perhaps from higher deliveries to the public sector. Order books for machine tools and for engineering products in general stopped falling by the middle of the year, but they were then at a low level and had not begun to turn upwards significantly. The F.B.I. enquiry in October suggests that there may have been an increase in orders more recently.

Since, therefore, the industries producing plant and machinery have recovered little as yet, since there is no excess demand for labour, and since the basic industries by and large still have capacity to spare,<sup>(1)</sup> there is no reason to say that the economy is overloaded. The position is tight only in industries producing durable consumer goods and the industries that supply them. Here there has been a concentrated

spurt in demand: output of a range of these goods in the first six months of this year was 40 per cent higher than in the first six months of 1958.<sup>(2)</sup> The F.B.I. enquiry shows which way the trend is going: in October, 50 per cent of firms said that they were working to capacity (defined as 'a satisfactorily full rate of operation') whereas only 40 per cent said this in June and 20 per cent in February. But this probably exaggerates the rate at which capacity utilisation is rising. It is hoped that the National Institute enquiry, the results of which will be published in the next issue, will permit some fuller estimates to be made.

### Trends in demand

There are now full estimates of national expenditure for the second quarter. They confirm that the sharp rise in demand at that time was the result of a revival of investment in stocks superimposed on an increase in exports and on the upsurge in consumers' expenditure that followed the Budget. Fixed investment rose slightly in total. Since the official estimates for the first quarter have been revised upwards, fixed investment in the first half of 1959 is now estimated to have been about 2 per cent higher than in the second half of 1958. Housing accounts for about half the increase. There is still little evidence of an increase in public investment in response to the enlarged programmes announced last year, except for rising expenditure on electricity and roads; the main offset to the fall in expenditure by manufacturing industry has been the expansion in distribution and other private industry.

<sup>(1)</sup> The steel industry may be the one in which production first comes up against the limit of capacity. The Iron and Steel Board estimated that in October the steel industry was operating at 92 per cent of capacity.

<sup>(2)</sup> Weighted average for refrigerators, gas and electric cookers, radios, radiograms, television sets, washing machines and vacuum cleaners.



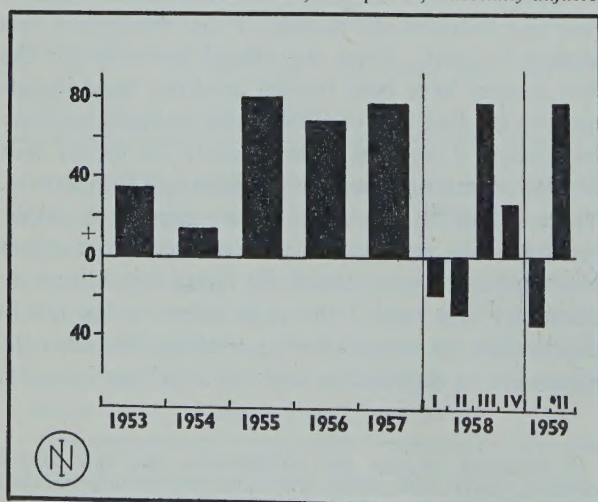
In the third quarter, for which only partial figures are available, exports remained roughly the same (after seasonal correction) and consumers' real expenditure appears to have levelled out. Fixed investment—in particular, public investment and building work of all types—probably continued to rise. There are still practically no figures on investment in stocks for the third quarter.

The view that demand will expand less rapidly in the months ahead rests largely on the expectation that consumers' expenditure will rise slowly in the coming months. Other items of demand are also likely to continue to rise slowly: export demand should rise as a result of higher incomes in the overseas sterling area and further expansion in Europe (the prospects in Europe are discussed later). Fixed investment is likely to go on rising gradually. The increase is unlikely to accelerate unless private industry revises its plans upwards; even then it will be some time before revised plans result in new orders. Investment in stocks is always uncertain and volatile, but it is in part a passive rather than an active element in demand. In the second quarter of the year it reached a figure that is fairly normal for a period of expansion (chart 2).

The check to the growth of consumers' expenditure in the third quarter was most pronounced in August; this is the month for which seasonal corrections are most difficult, and the dip partly reflected a shortage of cars. Primarily for this reason, hire purchase borrowing rose relatively little in August; it rose faster again in September, and—judging from car hire purchase contracts—also in October. October's retail sales were 3 per cent higher than in October 1958, when the recovery in consumption had already begun; this suggests that, seasonally corrected, they were running at about the same level as in the second quarter.

**Chart 2. Changes in total stocks**

*£ million, 1954 prices, seasonally adjusted*



Source: Appendix table 1.

The outlook for consumer spending continues to be much the same as was described in our last issue. On the one hand, the rate of repayment on hire purchase is all the time growing and tending to check or reverse the stimulus of easier borrowing. On the other, there has been a substantial rise in incomes as a result of the Budget, and a recovery in earnings and profits, and this appears to have been accompanied by a big increase in personal savings. In the months ahead the rise in incomes (after tax) may slow down: the impact of the Budget is past, and the future rise in incomes is unlikely to be rapid, judging by the trends in employment and wage negotiations. But it may still be sufficient to counteract the waning of the hire purchase boom and to provide the basis for a continued gradual rise in spending. If consumers, tempted by the spreading ownership of durables, by the new small cars and the atmosphere of prosperity, decided to spend more and save less out of their incomes, consumer spending might again rise rapidly and the hire purchase boom might be prolonged. But a gradual rise seems more likely.

### Costs and prices

Final prices have remained stable. The latest figures for retail prices, export prices and wholesale prices of manufactures are all at the same level as a year ago or lower.

Wage rates have continued to rise very slowly, mainly because of the lengthening interval between wage rounds. The index of wage rates has risen by only about 1 per cent since the beginning of the year. Some employers—notably those in the printing, chemical and footwear industries—have conceded a reduction in working hours, and the emphasis seems likely to continue to shift in this direction; a reduction in working hours of, say, 3 per cent probably raises labour costs by rather less than this. The most important current negotiations at the moment are in the engineering industry, where there is also a claim for a reduction in hours.

Earnings have probably risen faster than wage rates, partly because working hours have increased slightly: in manufacturing, weekly working hours appear to have risen by about 1 per cent since the beginning of the year. But since productivity has been rising fast, labour costs per unit of output (after allowing for changes in hours worked) have fallen a little. Profits per unit of output have been rising; in the second quarter of this year, gross company profits were 15 per cent higher than in the second quarter of last year.

Import prices have risen slightly. The Board of Trade index rose by a point in August and a further point in October. Increases of this size should easily be absorbed in the economy as a whole. The



increase has, however, been rather greater in industrial materials than in foods and in particular industries there may be some pressure on costs. The largest price rises have been those in wool and rubber. Our index of current import prices, based on market quotations, has risen by 4 per cent since March :

**Table 3. NIESR index of current import prices**

*Index numbers, 1957 = 100*

March	93.7
April	94.3
May	95.1
June	94.7
July	95.0
August	95.8
September	97.2
October	97.4

### The foreign balance

The official estimates of Britain's current foreign surplus have been revised heavily downwards in the latest balance of payments white paper. This is mainly because it was found that the estimates of shipping earnings were far too high. The identified current surplus for 1958 is now £349 million instead of the £455 million given in the April white paper.

The revision implies that the British shipping industry has been doing poorly. It now appears that there was a growth of less than 10 per cent in gross foreign shipping earnings (excluding tanker earnings) between 1952 and 1958. In this period British exports rose by 18 per cent in volume and world trade by one-third. As the British merchant fleet consists predominantly of liners which, unlike tramps, were probably not charging lower rates, a loss of ground to foreign competitors seems to be implied. Foreign merchant fleets have certainly expanded faster than Britain's.

The revision does not necessarily mean that the external position is any weaker than was thought before, for there has been a corresponding increase in the item 'errors and omissions'. That indicates that some other credit in the current or capital account is still under-estimated or a debit over-estimated. All this emphasises the need to continue to improve the statistics ; such revisions also cast some doubts on the usefulness of targets for the current foreign surplus (£300 million or £450 million) that have been set up from time to time.

The new figures for the first half of the year showed a satisfactory surplus on current account, particularly in the second quarter, when the sharp rise in exports and net invisible earnings more than matched the

rising trend in imports. At the same time the overseas sterling area appears to have improved its current balance with both Britain and non-sterling countries. The increase in the value of its exports was not matched by higher imports, though imports began to recover during the half-year. Since the inflow of capital, sterling and non-sterling, was broadly maintained, its sterling balances rose by over £100 million. The countries of the overseas sterling area, like British consumers, were saving a substantial part of their extra income. This helped to raise the reserves which otherwise bore the burden of the gold subscription and dollar repayment to I.M.F.

Since the middle of the year, the gold and convertible currency reserves have continued to do well. There was a rise of £40 million in the third quarter which is usually an unfavourable period for both Britain and the overseas sterling area. It looks as if the latter's non-sterling position was still relatively strong. Britain's current balance must have been less favourable.

In the third quarter exports did not keep pace with the rising trend in imports, and the trade account deficit rose to the highest quarterly figure for two years. After seasonal correction, however, there was no relapse in exports from the much higher level achieved in the second quarter. In October exports rose again sharply and the trade gap narrowed despite a further rise in imports. The widening of the trade gap in the third quarter therefore appears to have been partly seasonal and partly a consequence of the erratic way in which exports, after allowance for seasonal variation, move upwards.

The area figures for exports, seasonally corrected, (table 4) show that sales to the Continent continued to rise in the third quarter whilst exports to North America were slightly down from the very high level reached in the second quarter. There was no change in exports to the overseas sterling area. In October exports rose to all these areas, and the total volume of exports, seasonally corrected, appears to have been nearly 10 per cent higher than in the third quarter.

In both the third quarter of the year, and in the first nine months as a whole, the volume of imports was 7 per cent higher than a year before. The provisional October figure shows a somewhat higher increase. Apart from fuel, imports of manufactures continue to rise fastest. They are up by about a quarter and account for nearly £50 million out of the total increase in the import bill this year of £142 million. But imports of industrial materials have been rising rapidly too. Apart from rubber, re-exports of which to the Soviet Union have declined, imports of nearly all the main industrial materials have been coming in at a higher rate, the biggest increases being in oils, fats, oilseeds, hides and leather, wool, cotton cloth



Table 4. Volume of U.K. exports by area

Index numbers, 1954 = 100, seasonally adjusted

	1957	1958			1959			Value in 1958 £mn
		I	II/III	IV	I	II	III	
Western Europe .. ..	116	107	107	107	109	116	119	835
North America .. ..	143	147	147	168	167	197	189	461
Overseas sterling area .. ..	105	105	101	98	90	97	97	1,429
Other primary producers .. ..	120	116	115	110	117	109	108	366
Total, all areas <sup>(a)</sup> .. ..	113	110	110/108	111	107	115	115 <sup>(b)</sup>	3,172

Source: Appendix tables 11 and 13.

(a) Including areas not shown separately; adjustments for dock strikes are not applied to the individual area figures.

(b) The October figure is provisionally estimated to be 126.

and non-ferrous metals. From provisional figures it looks as if most of the increase was for consumption and that industry was not re-building stocks of imported commodities on a substantial scale. Stock-building may well increase in the months ahead.

On present trends it is likely that in the second half of the year, which is always less favourable than the first half, Britain's current account surplus will be in the range £50 million to £100 million. The result would be a surplus for the whole year of between £200 million and £250 million; this would be quite favourable.<sup>(1)</sup> As we have noted in earlier issues, there was bound to be some deterioration in the current balance in the process of recovery. It has not been unduly severe and, as we expected, it has been compensated by the improvement in the overseas sterling area's position. For the future, the question is whether, as the overseas sterling area spends more and its position becomes less favourable again, British exporters will maintain their share of the expanding sterling markets so that Britain's current balance improves again. Our latest estimates show that Britain's share of the world market for manufactures fell from 18.1 per cent to 17.6 per cent between the first nine months of 1958 and 1959.

#### EXPANSION IN WESTERN EUROPE

During 1959, for the first time since 1955, economic activity has been expanding simultaneously in nearly all the industrial countries of the world. This has contributed to a gradual recovery in the foreign earnings of primary producing countries. In the

United States, expansion began in the spring of 1958 but has recently been interrupted by the four-month steel strike. However, when steel production gets under way again there is likely to be a resurgence in activity. The effects of the tightening of credit are likely to be lost for some time in the aftermath of the steel strike.

In Europe, the expansion began at different dates in different countries, Denmark and the Netherlands leading the upturn at the beginning of 1958, and France and Belgium joining the recovery at the beginning of 1959. The pattern of the recent recession and the present recovery is shown in chart 1. In West Germany, Italy, Austria and Sweden, the 'recession' was hardly more than a slowing down in the rate of expansion, lasting for about a year. Only in Belgium, where the fall in coal production was particularly important, was there a substantial decline in industrial production.

By the middle of 1959, industrial production had risen appreciably above previous peaks in West Germany, Italy, Denmark and the Netherlands, was close to them in Austria, France, Sweden and Norway, but was still well below them in Belgium.

#### Demand factors in the recovery

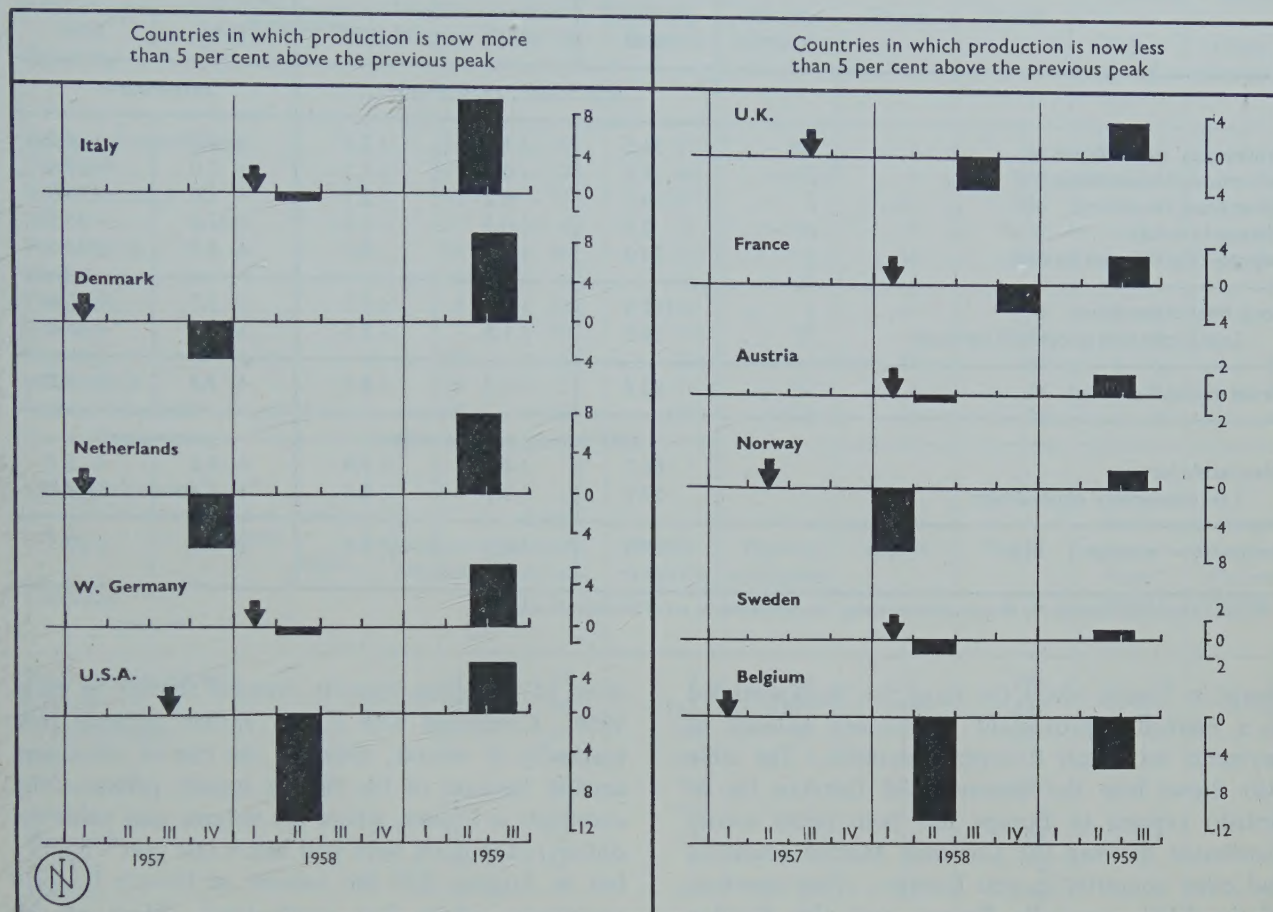
Except in West Germany and France, expanding consumer demand appears to have been the main-spring of the recovery, as in Britain. Thus in Austria, the volume of expenditure on consumer durables was six per cent greater in the first half of 1959 than a year earlier, with a smaller increase in expenditure on non-durables. In the Netherlands, the volume of expenditure on durable goods rose seven per cent over the same period, while total consumer spending rose four per cent. In Belgium, Italy, Switzerland and the Scandinavian countries statistics of retail sales show substantial increases in 1959 and the output figures for consumer goods in Belgium and Italy

<sup>(1)</sup> It should be noted that if the balance of payments statistics had not been revised this figure would be substantially higher and would possibly reach the £300—£350 million formerly set as a target.



**Chart 3. Recession and recovery in western Europe and the U.S.A.**

This chart shows the course of the recession in the United States and west European countries. The arrow on the left shows the quarter in which the downturn began. The left-hand bar shows how far production fell below the previous peak, and when the low point was. The right-hand bar shows how far production has recovered above the previous peak; the figures are for the latest available three-month period.



Source : OEEC General Statistics. Figures exclude building and are seasonally adjusted by OEEC.

point in the same direction (although in Italy this may be due partly to increased exports). In most of these countries, the recent increases in consumers' spending, especially on durable goods, have been smaller than in Britain; they have not had the same strong stimulus from the abolition of hire purchase control and tax reductions.

In West Germany, fixed investment and exports were mainly responsible for renewed expansion; consumers' expenditure rose only moderately and the rise in disposable incomes has been accompanied by an increase in personal savings (table 5). Germany is the only country in which fixed investment in industry appears to have risen significantly during the past twelve months. Elsewhere, as in Britain, there has been no upturn in industrial investment so far. House-building has, however, increased in most countries.

A remarkable rise in exports, following the devaluation, was the mainspring of the recovery in output in

France. The volume of exports in the first half of 1959 was 17 per cent greater than a year before and the rising trend continues. Consumption has increased only slowly.

### Foreign trade

In nearly all west European countries, export volumes have risen substantially this year, although nowhere so much as in France. This general increase contrasts with experience during most of 1958, when exports were rising only slowly in some countries (France, West Germany, Italy, Netherlands) and declining in others (Austria, Belgium, Norway, Sweden).

Most of the increase in exports in 1959, however, has been directed to two areas (table 6). First, there has been a new burst of expansion in intra-European trade. This revival of trade within the west European area must be regarded as a consequence of the general recovery in demand rather than as a cause of it,



Table 5. West Germany : changes in national expenditure, disposable income and savings

	Actual values	Change from corresponding period of previous year			
		First half		First half	
	First half 1957	1958	1959	1958	1959
	<i>DM billion, 1954 prices</i>			<i>percentages</i>	
Consumers' expenditure .. .. .	54.2	+1.9	+2.5	+ 3.5	+ 4.5
Government expenditure .. .. .	11.9	+0.6	+1.7	+ 5.0	+13.6
Gross fixed investment .. .. .	19.7	-0.2	+2.1	- 1.0	+10.8
Change in stocks .. .. .	2.5	+0.8	-1.5	+32.0	-45.5
Exports of goods and services .. .. .	24.0	+1.0	+2.9	+ 4.2	+11.6
Total final expenditure .. .. .	112.3	+4.1	+7.7	+ 3.7	+ 6.6
Less imports of goods and services .. .. .	19.9	+1.8	+3.4	+ 9.0	+15.7
Gross national product .. .. .	92.4	+2.3	+4.3	+ 2.5	+ 4.5
	<i>DM billion, current prices</i>			<i>percentages</i>	
Disposable income .. .. .	64.7	+4.3	+3.6	+ 6.6	+ 5.2
Less consumers' expenditure .. .. .	57.7	+3.7	+2.8	+ 6.4	+ 4.6
Residual (= 'savings') .. .. .	7.0	+0.6	+0.8	+ 8.6	+10.5

Source : Deutsches Institut für Wirtschaftsforschung, *Vierteljahreshefte zur Wirtschaftsforschung*.

except in France where the large rise in exports led to a marked improvement in France's balance of payments with other European countries. The table also shows how the expansion of German (as of British) exports to Europe has been fairly evenly distributed between the Common Market countries and other countries in west Europe ; other members of the EEC, especially France—and also Sweden and Switzerland—have placed the bulk of their increased exports within the Common Market.

The second feature is the large and widely shared rise in exports to North America, which slowed down early in 1958 and was renewed in the second half of the year. The remarkably buoyant market for European motor cars, and anticipation of the steel strike, account for a major portion of the increase.<sup>(1)</sup> Steel imports should drop when steel supplies are restored, and European car manufacturers now have to face the competition of the American 'compact' cars.

Although the purchasing power of primary producers has now begun to increase again, there has been no rise yet in European exports to these countries. Their recovery should soon provide a further stimulus to expansion.

As a result of expanding domestic demand, the

trend of European imports changed sharply in early 1959. Compared with a year earlier, imports rose markedly in volume, although the rise in value was smaller because of the fall in import prices. The exception is France, where the volume and value (in dollars) of imports were well below last year's figure ; but in August 1959 the volume of French imports again rose above last year's level. Most of the general increase in imports results from the expansion in intra-European trade. Only in Britain, West Germany and Belgium has there so far been any substantial increase in imports from the primary producing countries.

These changes in merchandise trade have resulted in a very substantial improvement in the trade balance in France, and some improvement in West Germany, Italy, the Netherlands, Norway and Sweden (table 6). Only in Belgium, Denmark and Britain has there been a deterioration in the balance of merchandise trade.

#### Outlook for further expansion in demand

The moderate upward trend in personal incomes should serve to maintain the rise in total consumers' expenditure. Wages are likely to rise in most countries. In France, the retail prices index reached the level at which the guaranteed minimum wage was increased by 2.7 per cent on November 1st. However, the effect on actual wage incomes should be only slight, judging from the experience of the first quarter of 1959

<sup>(1)</sup> In January-July 1959, total United States imports from all OEEC countries were up by \$732 million (42 per cent) compared with a year before. Imports of steel mill products were up by \$126 million (128 per cent) and of automobiles and parts by \$201 million (67 per cent).



Table 6. Changes in trade of selected European countries, first half 1958 to first half 1959

\$ million

Change in exports		Common Market	Other western Europe	North America	Primary producers	Others	World	Percentage change	
Exporting country	Area of destination							Value (world)	Volume (world)
Belgium-Luxembourg .. ..		21	10	95	- 83	- 4	39	+ 3	+ 7
France <sup>(a)</sup> .. .. .		127	-12	98	-102 <sup>(b)</sup>	4	115	+ 5	+ 16
West Germany .. .. .		60	75	137	- 5	61	328	+ 8	+ 11
Italy .. .. .		37	- 4	51	- 54	9	39	+ 3	+ 12
Netherlands .. .. .		79	32	25	5	14	155	+ 10	+ 13
Austria .. .. .		6	5	8	- 12	2	9	+ 2	+ 3
Denmark .. .. .		4	12	14	4	—	34	+ 6	..
Norway .. .. .		3	20	10	- 10	6	29	+ 8	..
Sweden .. .. .		18	- 5	28	- 4	26	63	+ 6	+ 9
Switzerland .. .. .		26	- 2	16	- 10	4	34	+ 5	+ 8
United Kingdom .. ..		46	30	157	-171	16	78	+ 2	+ 4
Change in imports		Common Market	Other western Europe	North America	Primary producers	Others	World	Percentage change	
Importing country	Area of origin							Value (world)	Volume (world)
Belgium-Luxembourg .. ..		44	23	- 7	28	17	105	+ 7	+ 9
France <sup>(a)</sup> .. .. .		- 45	-46	-111	-281 <sup>(b)</sup>	-35	-518	- 17	- 10
West Germany .. .. .		163	136	- 92	43	43	293	+ 8	+ 15
Italy .. .. .		59	18	-103	- 8	29	- 5	—	+ 6
Netherlands .. .. .		95	28	- 31	5	25	122	+ 7	+ 12
Austria .. .. .		21	- 2	- 23	- 7	14	3	+ 1	+ 1
Denmark .. .. .		51	34	13	4	13	115	+ 18	..
Norway .. .. .		- 5	-10	- 3	1	15	- 2	—	..
Sweden .. .. .		- 34	- 7	- 15	- 13	13	- 56	- 5	- 1
Switzerland .. .. .		25	25	- 5	- 10	- 1	34	+ 4	+ 7
United Kingdom .. ..		14	21	- 16	167	35	221	+ 4	+ 7
Change in trade balances <sup>(c)</sup>		Common Market	Other western Europe	North America	Primary producers	Others	World	Actual trade balance with world	
Of country	With area							First half 1958	First half 1959
Belgium-Luxembourg .. ..		- 23	-13	102	-111	-21	- 66	- 27	- 93
France <sup>(a)</sup> .. .. .		172	34	209	179	39	633	-531	+102
West Germany .. .. .		-103	-61	229	- 48	18	35	+620	+655
Italy .. .. .		- 22	-22	154	- 46	-20	44	-370	-326
Netherlands .. .. .		- 16	4	56	0	-11	33	-240	-207
Austria .. .. .		- 15	7	31	- 5	-12	6	- 83	- 77
Denmark .. .. .		- 47	-22	1	0	-13	- 81	- 27	-108
Norway .. .. .		8	30	13	- 11	- 9	31	-292	-261
Sweden .. .. .		52	2	43	9	13	119	-197	- 78
Switzerland .. .. .		1	-27	21	0	5	0	-121	-121
United Kingdom .. ..		32	9	173	-338	-19	-143	-481	-624

Source : OEEC Foreign Trade Bulletin, Series I.

(a) Includes Saar. Values converted to dollars at prevailing rates of exchange.

(b) The decrease in trade with primary producers in terms of dollars occurs because much of this is trade with the French franc zone, which devalued its currencies with the franc.

(c) Minus sign in changes in trade balances denotes deterioration.



when a  $4\frac{1}{2}$  per cent increase in the minimum wage led to an increase of only 2 per cent in average wage rates. The Ministry of Finance now forecasts a general rise in wages of 2 per cent in 1959 and a further increase of 3 per cent in 1960. This appears to be a conservative estimate in view of the claims put forward by some major industries; in support of these claims, it is pointed out that real wages in mid-1959 were still below those of 1957.

As in France, wages in the Scandinavian countries, Belgium and Italy are to some extent linked to the retail prices index. The Swedish trade unions have recently put forward a wage claim of 6 per cent, while in Belgium price increases required an upward adjustment of  $2\frac{1}{2}$  to 5 per cent. In the Netherlands, where Government control of wage changes has been relaxed, an average wage increase of about 5 per cent is generally expected, following a 5 per cent award in the metal-working industry; a further increase of about 3 per cent will have taken place by April 1960 to compensate for the abolition of milk subsidies and an authorised 20 per cent rent increase. In Germany, the principal claim at the moment is for reductions in the standard working week from 44-45 hours to 40; this may lead initially to higher incomes through higher overtime payments.

All the evidence suggests that industrial investment will continue to increase in Germany. Recent enquiries into investment intentions (by the IFO Institute in Munich) have shown a regular tendency for plans to be revised upwards. But further expansion of investment in building may well be limited by the capacity of the building industry, which is already fully stretched. In France, the Government has endeavoured to expand public investment and to encourage private investment; in money terms, there has been some increase in capital expenditure in 1959, although probably no rise in volume. For 1960, the French Ministry of Finance forecasts a 6 per cent rise over the level of 1959 in total productive investment.

A further, although temporary, stimulus may also be expected from a rise in investment in stocks. This is beginning to happen in West Germany.

### The prospects for expansion of output

Although recent rates of expansion of output have been rapid in some countries, the latest figures of industrial production show increases of 10 per cent or more over the two years since mid-1957 only in Italy (12 per cent), Germany (10 per cent) and France (11 per cent). Taking into account the amount of net investment in industry during these years, it seems unlikely that any general strain on productive resources can arise in most countries until expansion has gone much further.

But this may not be true of West Germany, which

has contributed most to the growth of west European production in the past ten years. For two reasons the possibilities for further expansion in Germany now seem to be limited to much lower rates of growth than in the recent past. First, the labour reserves in Germany appear to be nearly exhausted. Unemployment has fallen to about 1 per cent (at the time when seasonal unemployment is lowest). Net immigration, which has been adding nearly 1 per cent a year to the working population, is generally expected to diminish. Meanwhile the age structure is such that the number of men and women of working age will increase very little over the next ten years. If unemployment, apart from seasonal variation, remains at its present level; if, contrary to expectation, no fall occurs in the annual addition to the working population through immigration; and if the Bundeswehr is established as now planned; then the level of civil employment might rise by at most 1 per cent a year from 1959 (against nearly 3 per cent a year in 1950-57). Falling immigration and the extension of education may limit the increase further; on the other hand, it is possible that pressure of demand might bring more women into the labour market.

Secondly, hours of work are falling. The average weekly hours in manufacturing and building have already fallen from the peak of 49 in the second quarter of 1955 to 46 in the second quarter of 1959.<sup>(1)</sup> Union pressure for reductions in the standard working week, although it may result in some increase in overtime, is also likely to result in a further reduction in man-hours worked.

The main question is, therefore, by how much output per worker can rise. Recent increases during times of rapid expansion of demand have been impressive. In the second quarter of 1959, total real national product per worker was about 4 per cent higher than a year before, while national product per man-hour rose  $4\frac{1}{2}$  or 5 per cent. In industry alone, over the same period, output per man-hour has risen as much as 10 per cent.

Part of this increase, however, must be attributed to rising utilisation of capacity which cannot continue any longer. Average capacity utilisation in industry as a whole (according to estimates collected from industrial firms by the IFO Institute) reached 88 per cent in the summer of 1959, compared with a peak of 90 per cent reached in April 1955. In the motor and machinery industries, output in the summer of 1959 was close to capacity (about 95 per cent).

The high level of investment in Germany is still resulting in a steady increase in capacity (about 10 per cent a year during 1955-58, falling to 8 per cent

<sup>(1)</sup> These are hours of work paid for, which include public holidays. Actual hours worked are about 41 to 42 a week on average, the difference being due mainly to public holidays.



in 1959, according to the IFO enquiries). An indication of the relative growths in capacity and output in certain industries is given in table 7.

**Table 7. Growth in capacity and output in selected industries—West Germany**

*Index numbers, 1954 = 100*

Industry	Capacity		Industrial output	
	1958	1959 (planned)	1958	1959 (First 8 months)
Motor vehicles ..	195	220	180	198
Electro-technical industry .. ..	176	188	169	177
Machinery .. ..	148	155	140	138
Iron producing industry .. ..	145	154	130	138
Leather producing industry .. ..	127	131	116	121
Textiles .. ..	124	126	113	116

Sources : For output : Bundesministerium für Wirtschaft. For capacity estimates : IFO Institut für Wirtschaftsforschung, Munich, *Wirtschafts Konjunktur*, October 1959.

The threatened shortage of labour has transferred the emphasis in industrial investment from the extension of plant towards rationalisation. In the boom of 1954-1955, the majority of industrial firms reported the extension of capacity as the main motive for their new investment. In 1958 half the firms, and in 1959 more than half, gave 'rationalisation' (which can be taken to imply labour-saving) as the principal reason for new investment.

Against this background, a distinctly slower rate of growth in West Germany must now be expected, although it is impossible to say what hidden reserves might be tapped, for example by overtime work or by unforeseen increases in the labour force. In their report to the OEEC, the Federal Government have forecast a 4 per cent increase in the national product in 1960. This is about the same as the average rate of increase since 1956—a period during which demand has been held back. During 1950-55 the average rate of expansion was nearly 10 per cent a year.

The German authorities now appear to be seeking to keep the expansion of demand in check. The inflow of orders into industry has increased much faster than final expenditure or output; this accumulation of order books, against the limited possibilities of increasing production, is taken to indicate a danger of inflationary pressures in the near future. Hence the Bundesbank has recently raised both the discount rate (in two steps from  $2\frac{3}{4}$  per cent to 4 per cent) and the reserve requirements for commercial banks (by 10 per cent). These measures are unlikely to have an

immediate effect because of the high liquidity of the banks<sup>(1)</sup>; they are more likely to impose an obstacle to further expansion at a later stage. Meanwhile the narrowing of the interest rate differential between Germany and North America means that German banks may seek to repatriate their foreign balances in order to increase their liquidity. Such a move would embarrass the Government both by counteracting the tight money policy, and by reducing the net capital outflow. The Bundesbank has attempted to forestall such movements of balances by reducing the rate for forward exchange cover (the 'swap rate'), thereby demonstrating that its recent measures were taken for internal reasons only.

Neither prices nor wages have as yet responded to the greater pressures of demand. Prices for some foodstuffs rose because of drought, but other prices have remained stable. Increasing imports, notably of finished goods, have contributed to price stability, and the Government is looking to imports to ease the strains.

In the other European countries the situation appears to be much more flexible than in Germany. In France, according to an enquiry (by INSEE<sup>(2)</sup> in June 1959) into the degree of capacity utilisation, 81 per cent of industrial firms stated that they could expand production further within current capacity limits. Forecasts by the Ministry of Finance indicate a further 5 per cent rise in national product in 1960 compared with 1959.

In general, it appears unlikely that strains on capacity will impede the rate of expansion in the immediate future. However, the labour situation, as in Germany, may become a more important restraint. Shortages of skilled labour are already reported in several countries, notably the Netherlands and Switzerland. Belgium, France and Italy appear still to have sizeable labour reserves; but unemployment in other countries is approaching the lowest points reached in recent years (table 8).

The decrease in unemployment has been reinforced by a general tendency towards shorter hours of work. In France, the number of hours worked per week in manufacturing industries fell from 45.4 in 1956 to 44.3 in the first quarter of 1959; in Switzerland there was a reduction of one hour from 47.7 to 46.8 and in Austria from 45.4 to 43.3 hours during this period.

<sup>(1)</sup> The new reserve requirement is estimated to immobilise an extra DM 0.7 billion, leaving reserves of DM 0.3 billion in excess of the new minimum.

<sup>(2)</sup> It should, however, be noted that figures derived in this way can change very rapidly. The enquiry by INSEE (Institut National de la Statistique et des Etudes Economiques) in November 1956 showed only 3 per cent of firms saying they could expand production. From that date to June 1959 industrial production rose about 12 per cent, and the increase in productive capacity cannot have been very much greater.



Table 8. Unemployment during recession and recovery

	1957 <sup>(a)</sup>	Recession high point		1958 III	1959 III	1957 <sup>(a)</sup>	Recession high point	1959 III
	Thousands					Per cent of labour force		
Belgium .. .. .	78	131	IV 1958	122	126	3.8	6.2	5.9
France <sup>(b)</sup> .. .. .	80	142	I 1959	96	137	..	..	..
West Germany .. .. .	668	785	I 1958	562	331	3.5	3.8	1.6
Italy .. .. .	1,755	1,769	I 1959	1,735	1,689 <sup>(c)</sup>	9.0	9.1	8.6
Netherlands .. .. .	30 <sup>(d)</sup>	92	II 1958	90	65 <sup>(e)</sup>	0.9 <sup>(d)</sup>	2.7	1.9
Austria .. .. .	112	124	IV 1958	123	103	5.1	5.5	4.6
Denmark <sup>(f)</sup> .. .. .	35 <sup>(g)</sup>	38	I 1958	35	20 <sup>(e)</sup>	5.2 <sup>(g)</sup>	5.3	3.2
Norway .. .. .	13 <sup>(g)</sup>	33	III 1958	33	24 <sup>(c)</sup>	1.2 <sup>(g)</sup>	3.2	2.2
Sweden .. .. .	25 <sup>(d)</sup>	52	IV 1958	46	40 <sup>(c)</sup>	1.5 <sup>(d)</sup>	4.1	3.0

Source: OEEC General Statistics; International Labour Review.

The figures for different countries are not strictly comparable.

(a) 1955 or 1956, if unemployment was lower in that year than in 1957. (b) Applicants for work only. (c) 2nd quarter 1959. (d) 1956. (e) July-August 1959. (f) Unemployed more than six days. (g) 1955.

It is uncertain whether these figures indicate only reduced overtime and increased short-time during the period of recession, or demonstrate a long-term tendency towards a shorter working week.

Fears of approaching labour shortage may be partly responsible for measures recently adopted by several governments, as in West Germany, to counter inflationary dangers. In addition to the considerable increase in consumer prices in France following devaluation, there has been some rise in most European countries in the past 12 months—but mainly in food prices and due partly to the effects of summer drought. Price controls have been re-imposed in the Netherlands, in order to prevent a general price rise following the easing of wage controls, and in France mainly to keep wages, which are linked to the retail price index, from rising too fast. In addition, French import restrictions on certain foodstuffs, in short supply because of the drought, have been removed to ease the price situation. The budget for 1959, maintaining the deficit at the previous year's level of 600 billion francs, was intended to restrain the rate of expansion in demand. Recent budgets in Austria, the Netherlands and Sweden are also intended to restrict the growth of demand, either by

curtailing public expenditure or by increasing taxes. The discount rate was raised in Denmark in September and in the Netherlands in November.

### Conclusion

The present expansion in demand should continue in all Continental west European countries and is likely to be maintained by rising personal incomes. It will probably be reinforced by some increase in exports to primary producing countries, and, perhaps later, by increases in fixed investment, although there are few signs of these developments yet. Reserves in most countries have been sufficiently strengthened to reduce the risk that serious balance of payments difficulties will enforce contraction. But in some important countries, especially in West Germany, there are limits to the further growth of employment and there are reduced opportunities for increasing productivity by bringing unused capacity into operation. These restraints are likely to keep down the expansion of output to lower rates than were achieved in 1952-55, when the rapid increase in industrial production in west Europe was the major dynamic force in the economic growth of the western world.



# TRENDS IN WORLD TRADE IN DURABLE CONSUMER GOODS

## Introduction

In general the importance of consumer goods in world trade is declining. But this is not true of durable consumer goods.<sup>(1)</sup> From 1937 to 1950 this group held its share of total trade in manufactured goods at about 7 per cent; from 1950 to 1957 the figure rose to 8 per cent; and in 1958—mainly because of the sharp rise in shipments of cars from Europe to the United States—it went up to nearly 9 per cent (table 9).

The two main sub-groups of durable consumer goods are road passenger vehicles and household durables. Trade in road vehicles has risen the faster of the two, whether 1958 is compared with pre-war or with 1950 (table 9). Table 10 sets out the main items in more detail. The figures are at current prices, but the ratios in the final columns can be taken as rough guides to the changes in the relative importance of the different items. Passenger cars, gramophones and record players, washing machines, heating and cooking apparatus and miscellaneous electrical appliances have all done better than average throughout—comparing 1958 with either 1950 or 1937. Cutlery, motor cycles and pedal cycles, sewing machines, vacuum cleaners and floor polishers, and watches and clocks have all done worse than average in both comparisons. Trade in cutlery and motor cycles and pedal cycles has probably not risen at all in volume terms since before the war. Exports of sewing machines and of watches and clocks have risen comparatively slowly since 1950, the first partly because of increased local production in many import markets, and the second partly because of an increase in the United States import duty.

The following sections examine the main reasons for the relatively rapid increase in world trade in durable consumer goods. First, demand for them has generally risen faster than income. Secondly, production of many important items in the group is still concentrated in a few industrial countries, so that a rise in world demand necessarily means an increase in trade—although there is a small group of industrialising countries whose imports have risen little, because they are developing their own production or assembly. At the same time there has been a big

*This article was prepared by Mr. A. Maizels, with assistance from Mr. R. W. Thomas and Mr. L. Boross. It is an off-shoot of a comprehensive study, now in preparation by Mr. Maizels, of the interrelation between industrialisation and foreign trade.*

Table 9. World exports<sup>(a)</sup> of durable consumer goods, 1937-1958

\$ million					
Exports of	1937	1950	1955	1957	1958
Passenger road vehicles, including chassis and parts .. .. .	353	857	1,665	2,046	2,325
Household durables ..	249	561	1,095	1,337	1,369
Total .. ..	602	1,418	2,760	3,383	3,694
<i>As percentage of world exports of manufactures<sup>(b)</sup></i>					
Passenger road vehicles, including chassis and parts .. .. .	3.8	4.1	4.8	4.7	5.5
Household durables ..	2.7	2.7	3.2	3.1	3.2
Total .. ..	6.5	6.8	8.0	7.8	8.7

Sources : National trade statistics.

(a) Exports from Belgium-Luxembourg, France, Italy, Netherlands, Sweden, Switzerland, United Kingdom, West Germany, Canada, United States, India and Japan.

(b) Defined as S.I.T.C. Sections 5 to 8, inclusive.

increase in the interchange of these goods between the industrial countries themselves; this accounts for well over half the rise in trade from 1955 to 1957. At the end of the article, the competitive position is examined: an analysis is given of the way in which the market has been shared between the main countries. Britain has been more successful in her exports of passenger cars than in those of household durables. From an examination of the figures for home and export sales in Britain and other countries, it does not appear that there is any simple tendency for exports to do badly when the home market does well, or *vice versa*.

## The demand for consumer durables

A number of studies have recently been made of the demand for consumer durables in different countries.<sup>(2)</sup> For passenger cars, all investigations

<sup>(1)</sup> The term is used here to cover passenger road vehicles—passenger cars, motor cycles and bicycles—and those household durables produced by the metal and engineering industries. Books, jewellery, toys, boats, sports gear, glassware, crockery, furniture, floor coverings and similar items—which might be included in a more comprehensive definition of durable consumer goods—are not included here. The figures for passenger road vehicles necessarily include those for business use.

<sup>(2)</sup> Some use time series comparisons—comparing the increase in demand for a product over a number of years with the increase in incomes; others use family budget data—comparing the different amounts spent on a product at a given time by persons in different income groups.



Table 10. World exports<sup>(a)</sup> of durable consumer goods, 1937-1958 : separate items

\$ million

Commodity	1937	1950	1955	1957	1958	1958 as ratio of	
						1937	1950
<i>Passenger road vehicles :</i>							
Passenger cars and chassis <sup>(b)</sup> .. .. .	274	708	1,436	1,804	2,120	7.7	3.0
Motor cycles, motor scooters and cycles <sup>(c)</sup> .. .. .	80	149	229	242	204	2.6	1.4
<b>Total</b> .. .. .	<b>353</b>	<b>857</b>	<b>1,665</b>	<b>2,046</b>	<b>2,324</b>	<b>6.6</b>	<b>2.7</b>
Watches and clocks .. .. .	78	212	328	389	344	4.4	1.6
<i>Radios, television sets and gramophones :</i>							
Radios and radiograms .. .. .	50	67	140	167	203	5.8	4.3
Television receivers .. .. .	—			64	87		
Gramophones, record players, tape recorders, etc. ..	5			94	100		
<b>Total</b> .. .. .	<b>55</b>	<b>85</b>	<b>225</b>	<b>325</b>	<b>390</b>	<b>7.1</b>	<b>4.6</b>
<i>Domestic electrical appliances :</i>							
Sewing machines .. .. .	27	60	105	117	117	4.3	2.0
Refrigerators .. .. .	20	55	104	113	135	6.8	2.5
Cooking apparatus .. .. .	8	19	27	27	23	7.1	3.0
Heating apparatus (including irons) .. .. .				28	33		
Vacuum cleaners and floor polishers .. .. .				30	31		
Washing machines .. .. .	2	22	47	61	60	30.0	2.7
Other portable mechanical appliances, electrically operated .. .. .	2	10	30	40	42	21.0	4.2
<b>Total</b> .. .. .	<b>67</b>	<b>182</b>	<b>367</b>	<b>421</b>	<b>442</b>	<b>6.6</b>	<b>2.4</b>
<i>Total, excluding sewing machines</i> .. .. .	<i>40</i>	<i>122</i>	<i>262</i>	<i>304</i>	<i>325</i>	<i>8.1</i>	<i>2.7</i>
Cutlery (including safety razors) .. .. .	28	46	82	91	92	3.3	2.0
Cameras (excluding cine-cameras) .. .. .	17	19	55	70	63	3.7	3.3
Gas water heaters, water softeners, etc. .. .. .	2	14	28	33	29	14.5	2.1
Lawn mowers .. .. .	1	5	9	8	9	9.0	1.8
<b>Total, all items</b> .. .. .	<b>602</b>	<b>1,418</b>	<b>2,760</b>	<b>3,383</b>	<b>3,694</b>	<b>6.1</b>	<b>2.6</b>
<i>Total, excluding passenger road vehicles</i> .. ..	<i>249</i>	<i>561</i>	<i>1,095</i>	<i>1,337</i>	<i>1,369</i>	<i>5.5</i>	<i>2.4</i>

Sources : National trade statistics.

(a) See footnote (a) to table 9.

(b) S.I.T.C. 732-01 and 04.

(c) S.I.T.C. 732-02 and 07 ; 733-01 and 02.

have shown that demand for them has risen much faster than disposable income. In the United States, for instance, the rise in demand for new cars has been more than three times as great as the rise in real disposable income, after allowing for the influence of changes in the relative prices of cars and other consumer goods.<sup>(1)</sup> In most west European countries, too, the demand for cars since 1950 has been rising

considerably faster than real expenditure on consumer goods as a whole ; in Britain and France, the same is true for the main household durables.<sup>(2)</sup> In these and other countries, however, the recent rapid rise in the demand for consumer durables is not simply the result of the rise in incomes ; the extension of hire purchase facilities also explains some of it.

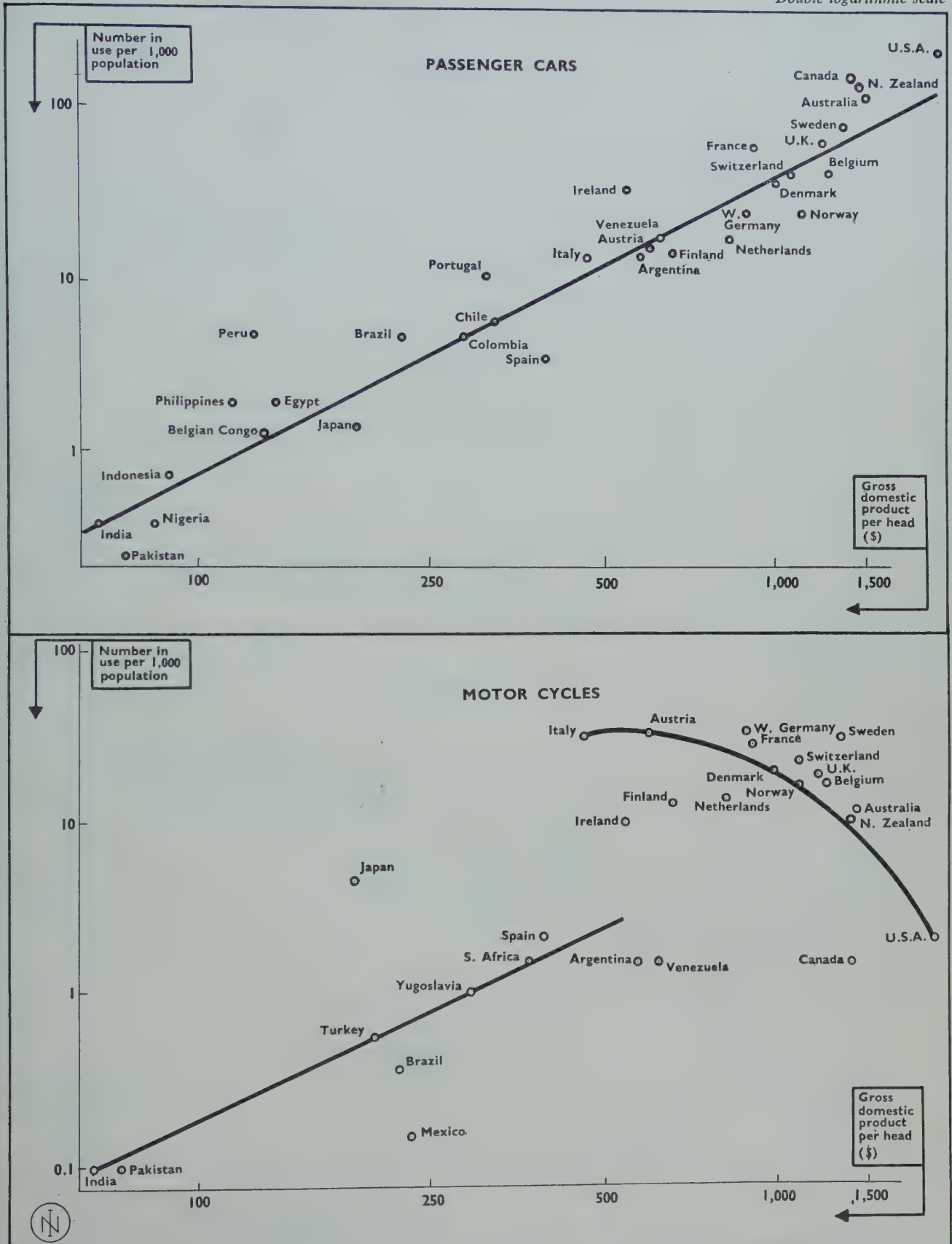
<sup>(1)</sup> A recent calculation shows income-elasticities of demand for the periods 1929-41 and 1949-56 varying from 3.80 to 4.59 according to assumptions made (see D. B. Suits, 'The Demand for New Automobiles in the United States 1929-1956', *Review of Economics and Statistics*, vol. XL, no. 3, August 1958). Income-elasticities exceeding 2.0 have also been found by other investigators.

<sup>(2)</sup> *Economic Survey of Europe in 1958*, ch. V, p.19. Several studies of family budget data and of time series have found that the demand for consumer durables tends to rise at least twice as fast as real income, other things being equal. See, for example, the articles by J. R. N. Stone and D. A. Rowe, 'Dynamic Demand Functions : Some Econometric Results', *Economic Journal*, LXVIII, June 1958 ; and J. Aitchison and J. A. C. Brown, 'A Synthesis of Engel Curve Theory', *Review of Economic Studies*, XXII (1), no. 57, 1955.



Chart 4. The relationship between ownership and income for certain consumer durable goods

Double logarithmic scale



Source : See table 11, and footnote (2), page 20.



Chart 4 (cont.). The relationship between ownership and income for certain consumer durable goods

Double logarithmic scale

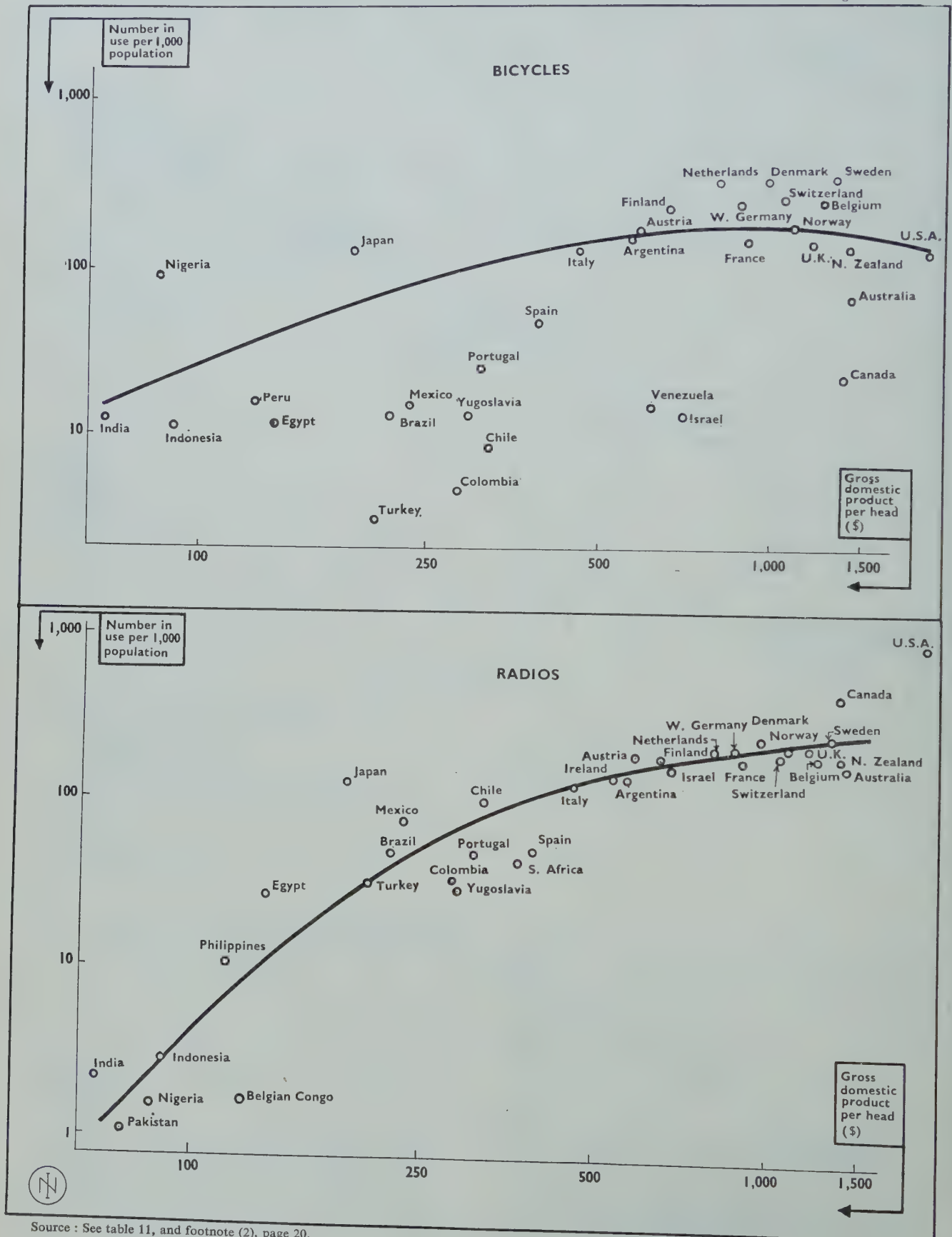




Chart 4 (cont.). The relationship between ownership and income for certain consumer durable goods

Double logarithmic scale

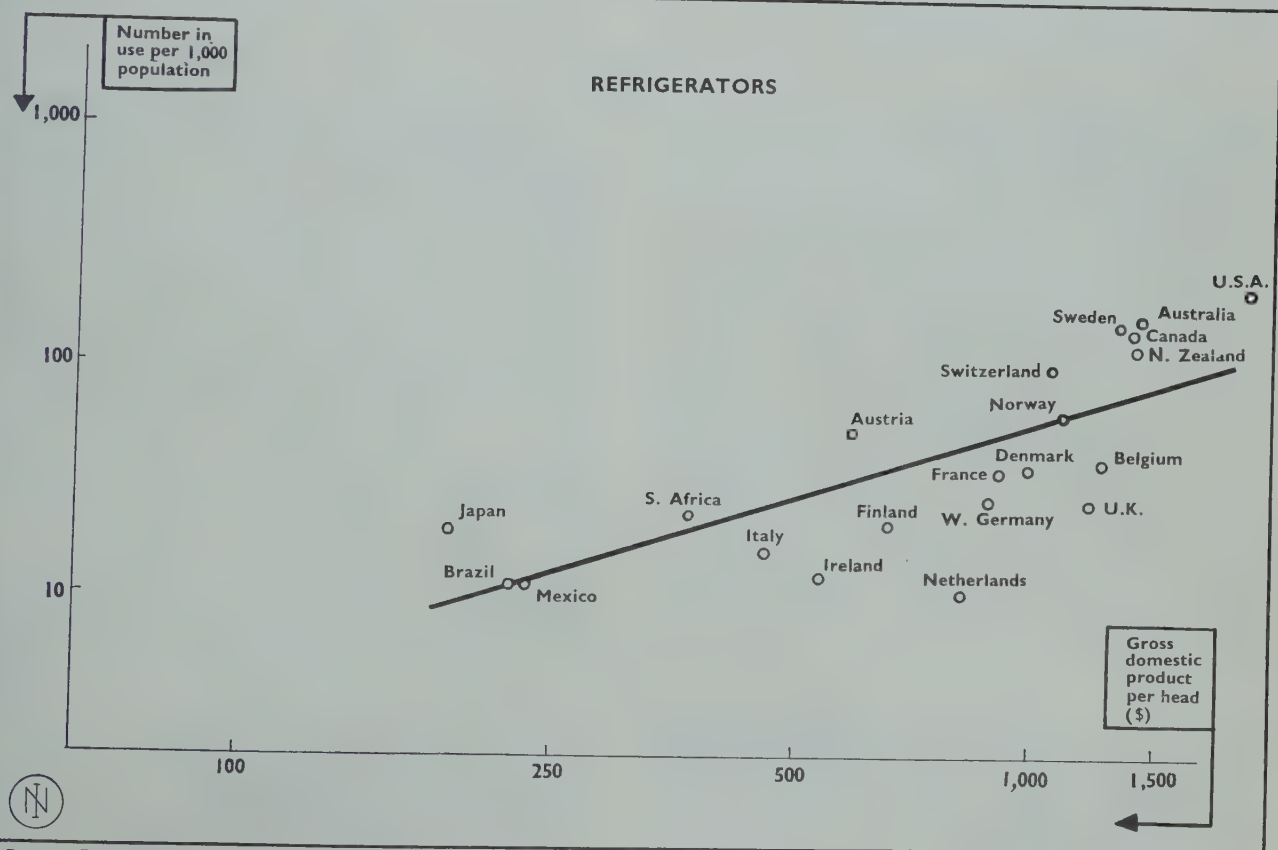
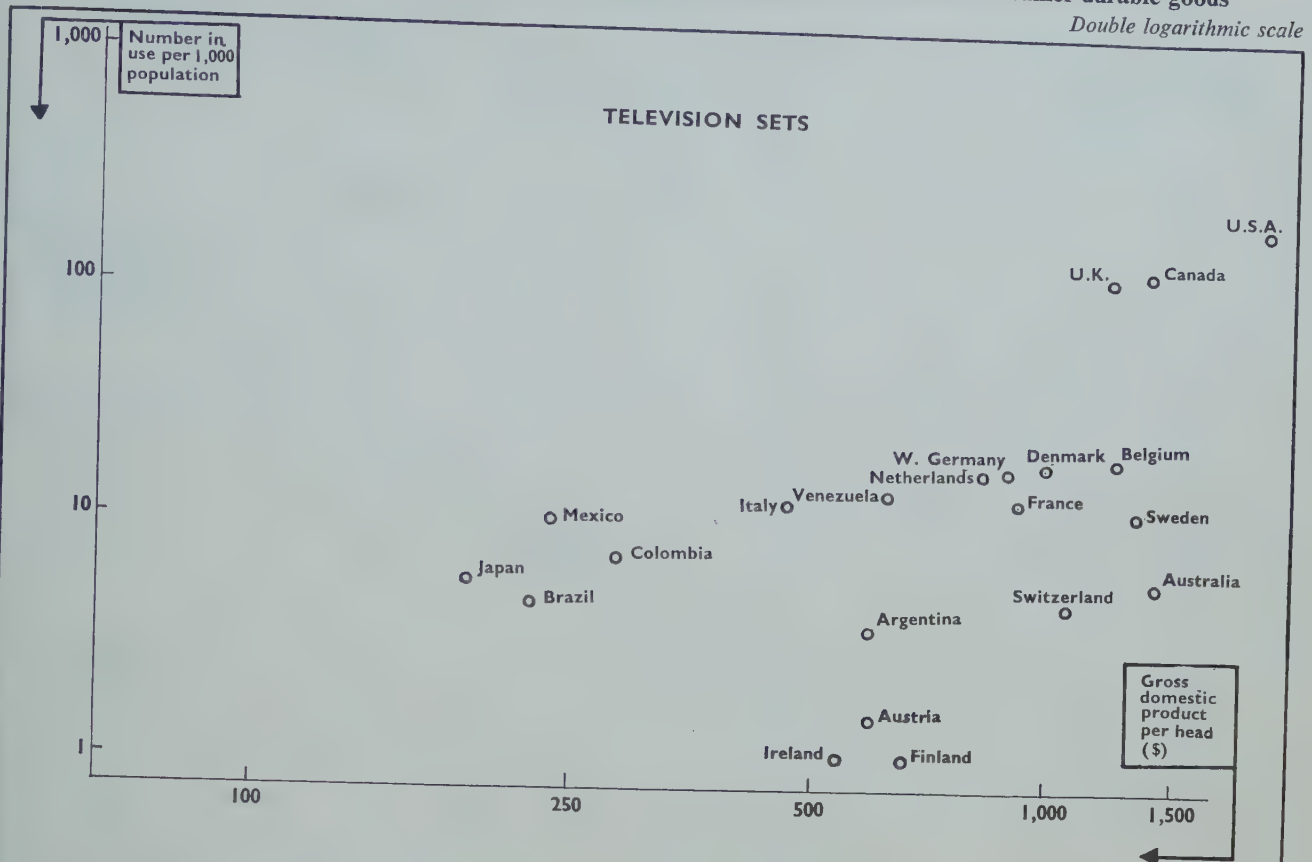
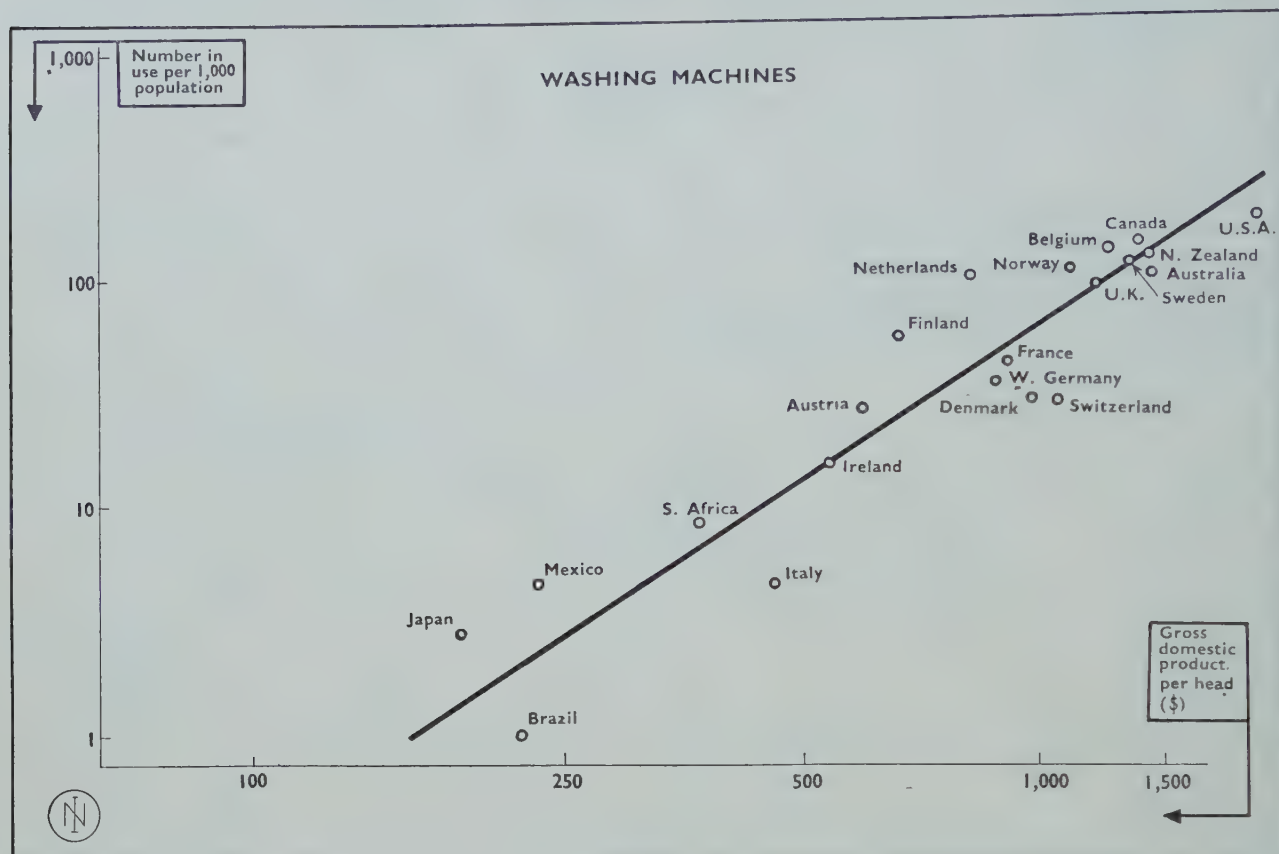




Chart 4 (cont.). The relationship between ownership and income for certain consumer durable goods

Double logarithmic scale



Source : See table 11, and footnote (2), page 20.

Another method of studying the way in which demand rises with income is to look at the level of ownership of the main consumer durables in countries with different levels of real income,<sup>(1)</sup> since, in so far as ownership does depend on the relative real income of consumers over a period of years, rich countries should obviously show much higher ownership figures than poor ones. The latest available ownership figures are given in table 11 for seven consumer durables. Over forty countries at very different stages of economic development are included, though ownership figures for all seven items are not available for all forty. Many of the figures are estimates, based in some instances on numbers of licences (there may, of course, be considerable evasion of licence regulations in some countries); small differences between countries cannot therefore be regarded as significant.

<sup>(1)</sup> Demand for new durables must depend on the existing stock as well as on the income level (which affects the desired stock) and relative prices. Thus, the change in demand for new durables in a given year may be influenced by whether demand was high or low in previous years, as well as by the income change in the current year and the expected income change in the succeeding year.

The relationship between ownership and approximate estimates of real income<sup>(2)</sup> for each of these durable goods is shown in chart 4. *Passenger car* ownership appears to vary fairly closely with income. Much of the variation of particular countries from the straight line—the position above the line of the United States and Canada, for example—no doubt results from the price factor. In the United States the retail price of a car (including tax) is much lower, compared with the prices of other goods, than it is in Europe.<sup>(3)</sup> There are, of course, many other factors at work—such as the adequacy of public transport. The chart suggests that there is no effective ‘saturation level’ in sight in the demand for passenger cars.

The relation between income and *motor cycle* ownership is at first sight more difficult to interpret. There appear to be two groups of countries; the advanced countries of western Europe, North America and Oceania, in which motor cycle ownership tends

<sup>(2)</sup> Real income of the various countries was estimated in United States dollars on the basis of approximate purchasing power parity rates of exchange in 1955.

<sup>(3)</sup> See *Economic Survey of Europe in 1958*, Geneva, United Nations, ch. V, pp 21-23.



Table 11. Consumer goods ownership, 1955-1957

Numbers per 1,000 population

Country	Passenger cars	Motor cycles <sup>(a)</sup>	Bicycles	Radio sets	Television sets	Refrigerators	Washing machines
<b>North America</b>							
Canada .. ..	187	2	31	563	165	178	173
United States .. ..	315	3	143	890	274	265	235
<b>Western Europe</b>							
Austria .. ..	21	47	215	256	2	65	34
Belgium .. ..	54	23	325	249	28	53	151
Denmark .. ..	50	28	447	318	25	50	40
Finland .. ..	20	15	303	251	1	28	69
France .. ..	70	41	190	233	16	49	56
West Germany .. ..	36	48	315	277	23	39	45
Ireland .. ..	46	10	..	159	1	14	20
Italy .. ..	18	43	145	131	14	20	6
Netherlands .. ..	25	16	450	264	22	10	104
Norway .. ..	36	22	231	280	..	73	112
Portugal .. ..	11	..	36	60	..	..	..
Spain .. ..	5	3	62	63	..	..	..
Sweden .. ..	88	43	478	348	12	187	119
Switzerland .. ..	54	31	365	252	6	98	39
	72	26	175	282	151	37	97
Yugoslavia .. ..	..	1	17	40	..	..	..
<b>Eastern Europe</b>							
Czechoslovakia .. ..	..	26	..	249	13	15	63
U.S.S.R. .. ..	..	4	..	148	7	..	..
<b>Oceania</b>							
Australia .. ..	146	13	80	223	7	197	104
New Zealand .. ..	170	11	149	238	—	132	144
<b>Latin America</b>							
Argentina .. ..	18	2	205	158	5	..	..
Brazil .. ..	6	0.5	17	61	6	11	1
Chile .. ..	7	..	9	98	..	..	..
Colombia .. ..	6	..	6	44	8	..	..
Cuba .. ..	..	..	11	155	47	..	..
Mexico .. ..	..	0.2	20	84	10	11	6
Peru .. ..	6	..	21	..	..	..	..
Venezuela .. ..	25	2	20	..	17	..	..
<b>Far East</b>							
Ceylon .. ..	..	..	34	18	—	..	..
India .. ..	0.5	0.1	15	3	—	..	..
Indonesia .. ..	0.8	..	12	4	—	..	..
Japan .. ..	2	6	166	149	7	27	4
Pakistan .. ..	0.3	0.1	..	1	—	..	..
Philippines .. ..	3	..	..	10	..	..	..
<b>Middle East</b>							
Egypt .. ..	3	..	13	36	—	..	..
Israel .. ..	..	..	17	181	..	..	..
Turkey .. ..	..	0.7	4	42	..	..	..
<b>Africa</b>							
Belgian Congo .. ..	1.9	..	..	1.4	..	..	..
Nigeria .. ..	0.5	..	95	2	—	..	..
Union of South Africa .. ..	..	2	..	56	..	32	9

Sources : *Statistical Yearbook, 1958*, United Nations, New York, for passenger cars and radio and television sets ; F. Knox, 'Some International Comparisons of Consumers' Durable Goods', *Bulletin of the Oxford Institute of Statistics*, vol. 21, no. 1, February 1959, for motor cycles, refrigerators and washing machines ; British Cycle and Motor Cycle Industries' Association, Ltd., for bicycles.



to decrease with income, and the less developed countries in which it tends to rise. In the first group, motor cycles are an 'inferior good', in the sense that consumers prefer to buy cars after they reach a certain income level; Italy, where scooters were first developed, and Austria, may be exceptions to this rule. Japan appears to be unique in her high ownership level in relation to real income. *Bicycles* also appear to be 'inferior' after a certain level of income is reached in the economically advanced countries, though other matters, such as the hilliness of the country and local custom are clearly important too, as in the Netherlands and Denmark.

For *radios*, the ownership level rises more slowly as incomes rise. The calculated curve implies a saturation point, but this may be misleading. At higher income levels tastes and social habits tend to change; for example, it may become usual, as in the United States at present, to fit passenger cars with radio, or to acquire a second or third set. If so, the real saturation point may still be quite a long way off, even for west European countries. For *television receivers* it is still too early to draw any conclusions about the relationship between ownership and income. In some of the countries included, widespread television transmission began only a few years ago, while in others, such as Britain, Canada and the United States, regular transmission services are well over five years old, so that these countries have had time to absorb a large number of sets.

*Refrigerators* and *washing machines* are both relatively new items in the consumer's stock of durable goods. Even in the advanced countries of western Europe ownership did not reach a mass scale until the 1950's, and in many under-developed countries sales of these goods are only just beginning. There are clearly factors other than income which determine the ownership of these two items.

Ownership appears to rise throughout the range of incomes for all the items except motor cycles and bicycles; for these two, the proportion of people owning the article tends to fall after a certain level of income is reached, since consumers can afford to switch to a superior product. In general it appears that income is the main determinant of ownership, but that there are a large number of other factors. Price is clearly an important one; ownership is higher where the price of the goods, relative to other prices, is low; hire purchase facilities are easier in some countries than others; habits and customs differ.

The slopes of the lines or curves in the charts, which were calculated by the method of least squares, indicate the 'ownership elasticity' for each item—that is, the rate at which ownership tends to increase with a given rate of increase in real income. For example, an elasticity of 2.0 indicates that ownership rises twice

Table 12. Ownership elasticity for consumer durables

Item	Ownership elasticity	R <sup>2</sup>
Passenger cars .. .. .	1.66	0.926
Motor cycles :		
Non-industrial countries ..	1.46	0.935
Industrial countries :		
Average income per head at :		
\$500 .. .. .	0.93	0.568
\$750 .. .. .	-0.77	
\$1,000 .. .. .	-1.80	
\$1,500 .. .. .	-3.25	
Bicycles :		
Average income per head at :		
\$100 .. .. .	1.27	0.419
\$250 .. .. .	0.81	
\$500 .. .. .	0.48	
\$750 .. .. .	0.28	
\$1,000 .. .. .	0.14	
\$1,500 .. .. .	-0.07	
Radio receiving sets :		
Average income per head at :		
\$100 .. .. .	2.53	0.879
\$500 .. .. .	1.29	
\$1,000 .. .. .	0.75	
Refrigerators .. .. .	1.16	0.548
Washing machines .. .. .	2.09	0.864

as fast as income, while a negative elasticity means that ownership of the item is reduced with a rise in income. Table 12 gives the elasticities derived from the equations for these curves. Where the elasticity falls off as real income rises, values are given for various incomes. The last column gives a co-efficient, R<sup>2</sup>, which indicates how well the equations fit the data; a value exceeding 0.8 is a good fit, while those below 0.6 are of doubtful significance. Although the relationship between ownership and income is only a first approximation to the relationship between demand in a particular year and income,<sup>(1)</sup> these results are generally consistent with those of the more detailed studies, mentioned earlier, of the behaviour of demand as income changes.

### Trends in production

Durable consumer goods can conveniently be divided into two groups: the traditional household goods, such as kitchenware, which can easily be produced in small factories or by artisans, and the newer products of large-scale mechanical and electrical engineering. In this second group, however, the products vary considerably in complexity, and consequently in the degree of organisation and skill required in production. Bicycle production, for example, is comparatively simple to organise in a

Table 13. Production and assembly of passenger cars, 1937-1958

						Thousands				
Country						1937	1950	1955	1957	1958
<b>Production</b>										
United States <sup>(a)</sup> .. .. .						3,929	6,666	7,920	6,113	4,258
United Kingdom .. .. .						379 <sup>(b)</sup>	523	898	861	1,050
West Germany <sup>(c)</sup> .. .. .						269	216	705	959	1,181
France .. .. .						185	257	553	724	890
Italy <sup>(d)</sup> .. .. .						61	100	231	319	369
Canada .. .. .						153	284	375	340	292
U.S.S.R. .. .. .						18	65	108	114	122
<b>Total of above</b> .. .. .						<b>4,994</b>	<b>8,111</b>	<b>10,790</b>	<b>9,430</b>	<b>8,162</b>
Rest of world <sup>(e)</sup> .. .. .						25	60	150	270	..
<b>World total</b> .. .. .						<b>5,020</b>	<b>8,170</b>	<b>10,940</b>	<b>9,700</b>	<b>..</b>
<b>Assembly<sup>(f)</sup></b>										
Australia, New Zealand and South Africa <sup>(g)</sup> ..						..	150	280	300 <sup>(e)</sup>	..
Belgium, Ireland, Netherlands and Sweden ..						..	37 <sup>(h)</sup>	150	140	..
Mexico and Venezuela .. .. .						..	..	26	28	..
India .. .. .						..	7	13	16	..
<b>Total of above</b> .. .. .						..	..	<b>469</b>	<b>484</b>	<b>..</b>

Source : *Statistical Yearbook, 1958*, United Nations, New York, and national production statistics.

(a) Factory sales.

(b) Estimated.

(c) Whole of Germany in 1937 ; West Germany for post-war years.

(d) Excluding Italian production for the armed forces.

(e) Approximate.

(f) The figures for cars assembled are included in the figures for production in the top half of the table.

(g) Australia : assembly of motor vehicle chassis only. New Zealand figures relate to years beginning 1st April.

(h) Excluding assembly in Belgium.

less-developed country ; car production, with more numerous and more complex component parts, is more difficult ; so also is the production of watches and cameras, which demand skilled craftsmanship.

World production of *passenger cars* (table 13) is still highly concentrated ; seven industrial countries, in 1957, produced all but 2 or 3 per cent of total world output. The assembly of cars from imported parts and components is, however, becoming increasingly important in many overseas countries. Altogether, about half a million cars a year were assembled in 1957 in the ten import markets listed in table 13. The development of assembly work enables the local labour force to acquire engineering skills, so that

eventually full production may be undertaken. The proportion of *bicycles* produced outside the industrial areas is rising. In 1955, about 8 per cent of world production outside Eastern Europe was located in five semi-industrial countries ; the proportion rose to about 11 per cent in 1957 because of a large increase in production in India (table 14). Since 1955, bicycle production has fallen sharply in Britain, mainly because of a fall in exports, and has risen considerably in Japan, mainly to satisfy higher home demand.<sup>(2)</sup>

Production of *radio sets* is almost as highly concentrated in the industrial areas as the production of cars (table 15). In several important overseas markets, however, European or United States firms have established branches or subsidiaries, and there local production and assembly are advancing rapidly. So far, the production of *television receivers* has been either nil or negligible outside the main industrial countries, except for Australia where about 300,000 sets were produced in 1958.

<sup>(1)</sup> The ownership elasticity with respect to income will approximate to the corresponding demand elasticity only if (a) replacement demand is small in each country (or is the same proportion of the total stock) ; (b) ownership elasticity is the same in all countries at given levels of income ; and (c) the rate of growth in real income is the same everywhere. Though the first two conditions may be approximately true, the third will not hold. However, it is unlikely that variations in growth rates are systematically related to *per capita* income levels, so that this factor would not seriously distort the relationship between the average ownership and income elasticities.

<sup>(2)</sup> The relative importance of home and export demand since the early 1950s is discussed in greater detail at the end of this article.



Table 14. Production of bicycles, 1950-1958

Thousands

Country	1950	1955	1957	1958
United Kingdom ..	3,418	3,564	2,548	2,160
United States ..	1,964	1,795	1,901	..
Japan ..	980	1,110	2,410	2,520
West Germany ..	1,319	1,054	892	865
Belgium, France, Italy and the Netherlands ..	..	1,947	1,969	..
Other Western Europe ..	..	934	975	..
<b>Total, industrial areas</b> ..	..	<b>10,404</b>	<b>10,695</b>	..
U.S.S.R. ..	649	2,884	..	..
India ..	103	472	899	923
Brazil ..	..	230	100	..
Australia ..	96	91	75	73
Mexico ..	..	95 <sup>(a)</sup>	95 <sup>(a)</sup>	..
Argentina ..	..	50 <sup>(a)</sup>	..	..
<b>Total, five semi-industrial countries</b> ..	..	<b>c. 940</b>	<b>c. 1,170</b>	..
<b>Total<sup>(b)</sup></b> ..	..	<b>c. 11,340</b>	<b>c. 11,860</b>	..

Sources : British Cycle and Motor Cycle Industries Association, Ltd., and national production statistics.

(a) Estimated. (b) Excluding U.S.S.R.

Table 16 gives the available figures for four other important consumer durables. Production of *domestic sewing machines* has grown in the industrial areas since 1950—Japanese and Soviet output rose particularly fast—and there has been some expansion in India and Australia too. Outside the industrial areas, production is mainly confined to the assembly of imported components and parts (particularly machine heads) ; an integrated sewing machine industry is only possible where the workers become sufficiently skilled to do the necessary precision work.

Production of *domestic electric refrigerators* has been falling in the United States since 1955 (only about 13 per cent of homes in that country have no refrigerator). In Australia and New Zealand it was only slightly higher in 1958 than in 1957, though substantially higher than in 1950. In Britain, production rose by over 50 per cent between 1957 and 1958 ; in Japan and Argentina there have also been big rises in output in the last few years.

There was no marked trend, one way or the other, in the production of *electric washing machines* and *domestic vacuum cleaners* in Britain and the United States between 1955 and 1958. Japanese production of washing machines, however, has risen considerably since the early 1950s ; almost a million were produced

Table 15. Production of radio and television receiving sets, 1937-1958

Thousands

Country	1937	1950	1955	1957	1958
<b>Radio sets</b>					
<i>Industrial countries<sup>(a)</sup></i>					
United States ..	7,792	14,590	15,278	14,930	..
West Germany ..	..	2,008	2,926	3,108	3,175
U.S.S.R. ..	200	1,071	3,530	3,600	3,900
United Kingdom ..	1,918	1,809	2,142	1,843	1,776
Japan ..	407	287	1,823	3,685	5,000 <sup>(c)</sup>
France ..	..	963	1,228	1,750	1,545
<i>Semi-industrial countries</i>					
Australia <sup>(b)</sup> ..	183	343	456	366	381
Mexico ..	..	..	236	274	..
New Zealand <sup>(d)</sup> ..	25 <sup>(e)</sup>	54	101	98	106
India ..	..	44	81	191	198
Argentina ..	138 <sup>(f)</sup>	151 <sup>(g)</sup>	300	400	..
<b>Television sets</b>					
United States ..	..	7,464	7,678	6,347	5,300
United Kingdom ..	3	541	1,771	1,867	1,980
Canada <sup>(h)</sup> ..	—	30	806	457	419
U.S.S.R. ..	—	12	495	709	979
West Germany ..	—	—	316	783	1,487
France ..	—	5	186	349	372
Japan ..	—	—	137	605	1,205
Australia <sup>(b)</sup> ..	—	—	—	121	285

Source : *Statistical Yearbook, 1958*, United Nations, New York, and national production statistics.

(a) In addition to the countries shown, the Netherlands is a major producer of both radio and television receiving sets, though figures of production are not published.

(b) Year ending 30th June of year stated. (c) Estimate by NIESR. (d) Year beginning 1st April of year stated. (e) 1938. (f) 1939. (g) 1948.

(h) Factory shipments.

Table 16. Production of other selected household durables, 1950-1958

	Thousands			
	1950	1955	1957	1958
<b>Domestic sewing machines</b>				
<i>Industrial countries</i>				
Italy .. ..	306	443	451	442
Japan .. ..	496	1,698	2,178	2,216
U.S.S.R. .. ..	502	1,611	..	2,686
United Kingdom..	618 <sup>(a)</sup>	640 <sup>(b)</sup>	770 <sup>(c)</sup>	..
United States ..	..	740 <sup>(b)</sup>	..	..
West Germany ..	336	607	591	514
<i>Semi-industrial countries</i>				
Argentina .. ..	..	50	..	..
Australia <sup>(d)</sup> ..	36	52	..	..
India .. ..	31	113	168	205
<b>Domestic refrigerators</b>				
<i>Industrial countries</i>				
Canada .. ..	342	272	236	223
France .. ..	..	260	548	565
Japan .. ..	5	31	231	415
U.S.S.R. .. ..	1	151	..	360
United Kingdom..	308 <sup>(a)</sup>	342	359	562
United States ..	6,200	4,200	3,350	3,050
<i>Semi-industrial countries</i>				
Argentina .. ..	26	160 <sup>(e)</sup>	202	195
Australia .. ..	162	281	196	216
New Zealand ..	14 <sup>(f)</sup>	66	56	58
<b>Domestic washing machines</b>				
<i>Industrial countries</i>				
Canada .. ..	301	280	277	300
France .. ..	..	..	..	480
Japan .. ..	2	461	855	988
U.S.S.R. .. ..	0	87	..	463
United Kingdom..	537	918	667	877
United States ..	1,646	3,123	2,865	2,744
West Germany ..	..	..	..	675
<i>Semi-industrial countries</i>				
Argentina .. ..	..	..	168	168
Australia .. ..	32	166	144	174
New Zealand ..	10	57	34	37
<b>Domestic vacuum cleaners</b>				
<i>Industrial countries</i>				
Canada .. ..	152	145	149	..
Netherlands ..	193	365	399	382
U.S.S.R. .. ..	..	131	..	246
United Kingdom..	1,056	1,238	1,245	1,340
United States ..	3,529	3,270	3,275	3,200
West Germany ..	..	..	..	1,299
<i>Semi-industrial countries</i>				
Australia .. ..	71	60	84	81
New Zealand ..	23	41	28	..

Source : National production statistics. In some cases the figures are for deliveries by manufacturers.

(a) 1951. (b) 1954. (c) Approximate estimate by NIESR.  
(d) Assembly. (e) 1956. (f) All types.

last year. Australia and New Zealand in recent years have raised their output of washing machines, but not of vacuum cleaners.

Although the figures in tables 13 to 16 cover only a limited number of producing countries, some general, though tentative, conclusions emerge. First, production of durable consumer goods has made considerable strides in many overseas markets since the early 1950's; in particular there has been rapid development in the economically more advanced countries, such as Australia and New Zealand, and also more recently in some Latin American countries, such as Argentina and Mexico. Secondly, these countries have concentrated on the less complex products, such as bicycles and refrigerators, and also on those which are suitable for large-scale assembly operations such as motor cars and sewing machines. But most under-developed countries are unlikely for some years to have enough skilled workers to raise local production of such items as radio receivers, cameras and watches.

### Production and imports

This rise in local production in overseas markets outside the main industrial areas has led in some instances to a decline in imports. Table 17 compares the trends in production and imports of passenger cars and bicycles for two groups of markets : countries for which the production figures are available (group 'A'), and those for which they are not (group 'B').

Imports of complete passenger cars into the four British Dominions shown have been below pre-war since 1953-1954, but imports in completely-knocked-down form have increased considerably as a result of the development of local assembly plants. A similar development appears to have begun in several important Latin American markets; though the statistics of local assembly output are inadequate it seems that in Latin America more cars are now being locally assembled than are imported complete.

For bicycles, India has been substituting locally-produced machines for the foreign product : imports of complete bicycles were reduced to 7,000 in 1958. Brazil, too, is a clear case of import-substitution; imports had been as high as 181,000 in 1952, when local production was only 10,000, but by 1956 imports were negligible while production had reached 200,000. Bicycle imports into group 'B' countries declined after 1950-52 mainly because Mexico and South Africa reduced their imports. No official production figures are available for either country, but estimates by the trade put current Mexican production at about 95,000 bicycles a year, with negligible imports, whereas in 1950-51 imports averaged 92,000 bicycles a year.



Table 17. Production and imports of passenger cars and bicycles in semi-industrial countries, 1938-1957

Thousands

	Series	1938	1950-52 average	1953-54 average	1955-57 average
<b>Passenger cars</b>					
A. Australia, India, New Zealand and South Africa.	Production, incl. assembly <sup>(a)</sup>	99	156	209	295
	Imports :				
	Complete	44	47	35	34
	For assembly	95	114	120	184
B. Argentina, Brazil and Mexico. <sup>(b)</sup>	Imports complete	51	42	16	16
<b>Bicycles</b>					
A. Australia, Brazil and India.	Production <sup>(c)</sup>	126 <sup>(d)</sup>	246	438	878
	Imports	173 <sup>(e)</sup>	423	182	112
B. Argentina, Mexico, New Zealand and South Africa.	Imports	40 <sup>(f)</sup>	161	73	43

Sources : National trade and production statistics. Pre-war figures for India relate to the whole of the Indian sub-continent ; post-war figures to Republic of India only.

(a) For Australia, the figures include assembly of motor car chassis only.

(b) These countries also assemble cars from imported parts. In 1955-1957, about 16,000 cars (annual average) were so assembled in Mexico and about 2,000 in Brazil, but figures for most earlier years are not available.

(c) Assembly from imported parts might be included.

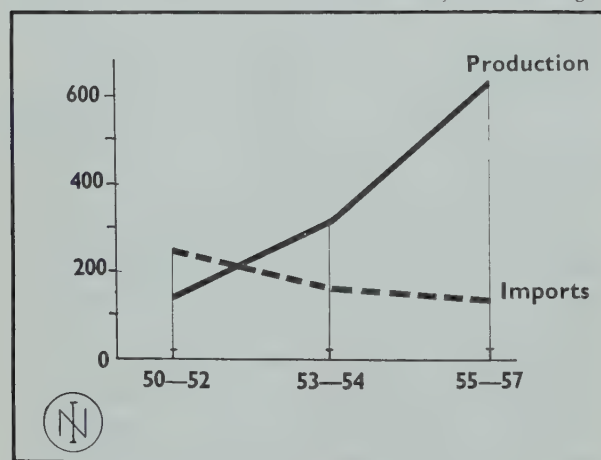
(d) Australian production only.

(e) Excluding imports into Brazil.

(f) Excluding imports into South Africa.

Chart 5. Indian production and imports of bicycles

Thousands, annual averages



Source : National production and trade statistics.

A similar comparison of local production and imports can be made for five other durable consumer goods—radio sets, sewing machines, refrigerators, washing-machines and vacuum cleaners (table 18). For all five, imports into group 'A' countries have declined as local production has risen ; in particular, local production of sewing machines has replaced imports in India and Argentina, and local production of washing machines has done the same in Australia. For the non-producing countries,<sup>(1)</sup> however, imports

of four of the five items have risen since 1950-1952.

This process of substitution has been generally fostered by Government fiscal policies. In the semi-industrial countries import duties on consumer durables are usually imposed for protective, rather than for revenue, purposes and they are generally higher than the tariff levels in force in the main industrial countries. Moreover there is generally a lower rate of duty on components and parts than on the complete article. Tariff rates appear to be extremely high in Brazil, for example ; passenger cars not exceeding 1,600 kilogrammes are charged at 80 per cent *ad valorem*, and most other household durable goods are charged at least 100 per cent. In Argentina, a rate of 40 per cent is common, though radio sets and smaller motor bicycles carry only 25 per cent ; Colombia charges 40 per cent on imports of complete passenger cars. India, which is attempting to create a car production industry, imposes a tariff of 75 per cent on complete cars and rates ranging from 25 to 50 per cent on unassembled cars, chassis and parts. In the industrial countries, tariffs on complete cars are generally lower, ranging from free entry for British cars into the Canadian market (17½ per cent on United States cars), and 10½ per cent on all cars entering the United States, to 30 per cent for France and Britain<sup>(2)</sup> and 40 per cent for Japan.

<sup>(1)</sup> There may, of course, be some production carried on though not officially recorded.

<sup>(2)</sup> Since purchase tax is chargeable on the value of imports including the duty, the effective rate of protection for home-produced cars is 45 per cent.

**Table 18. Production and imports of selected consumer durables in semi-industrial countries, 1938-1957**

Thousands					
	Series	1938	1950-52 average	1953-54 average	1955-57 average
<b>Radio receiving sets</b>					
A. Australia, India and New Zealand.	Production	239	512	491	663
	Imports <sup>(a)</sup>	51	30	17	7
B. Mexico and South Africa.	Imports	97	70	108	153
<b>Domestic sewing machines</b>					
A. Argentina, Australia and India.	Production <sup>(b)</sup>	19	85	147	254
	Imports	147	168	90	93
B. Mexico, New Zealand and South Africa.	Imports	71	159	124	188
<b>Domestic refrigerators</b>					
A. Argentina, Australia and New Zealand.	Production	30	240	328	468
	Imports	8 <sup>(c)</sup>	27	6	3
B. India and South Africa.	Imports	29	23	18	32
<b>Domestic washing machines</b>					
A. Australia and New Zealand.	Production	..	88	164	205
	Imports	..	87	36	16
B. South Africa	Imports	..	20	19	17
<b>Domestic vacuum cleaners</b>					
A. Australia and New Zealand.	Production	..	98	85	100
	Imports	45	116	32	43
B. South Africa	Imports	14	23	22	31

Source: As for table 17.

(a) Excluding imports into Australia (6,000 units in 1957).

(b) Including approximate estimates for Argentina.

(c) Excluding imports into New Zealand which were not recorded separately.

Apart from import duties a number of other devices have been used to protect local production: for instance multiple exchange rate systems, which include unfavourable rates for cars and other durable consumer goods, bilateral quotas, and restrictions temporarily imposed for balance of payments reasons. In general, consumer durables are regarded as 'less essentials' by the governments of most semi-industrial countries, and when foreign exchange is scarce it tends to be reserved for 'development goods', such as capital equipment, fuel and industrial raw materials; this, too, has stimulated local production.

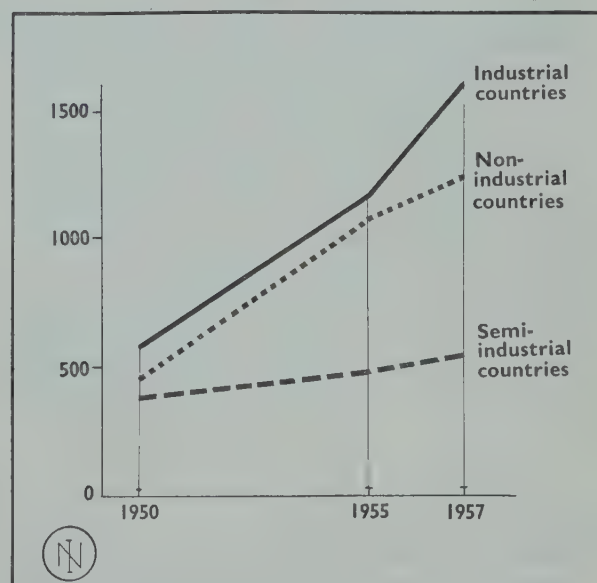
### The area pattern of trade

It is not surprising, therefore, that exports of durable consumer goods to the group of semi-industrial countries have risen little in recent years (table 19), and that their share in the total of world exports of these goods has fallen sharply. The big expansion in trade in durable consumer goods has been between the industrial nations themselves. From 1950 to 1955 they account for about half the rise in exports of both cars and household durables; there was a particularly big rise in exports to west European countries (including, of course, trade between them) as demand recovered there. From 1955 to 1957 the industrial countries took nearly three-quarters of the rise in world car exports—there was a remarkable increase

in European exports to the United States over this period—and nearly 60 per cent of the rise in exports of household durables. In both periods, non-industrial countries account for nearly all the rest of the rise in exports, and the semi-industrial countries for hardly any of it (chart 6).

**Chart 6. Exports of durable consumer goods to three main areas**

\$ million



Source: Table 19.



Table 19. Exports of durable consumer goods by area of destination, 1950-1957

\$ million

Area	Passenger road vehicles			Household durables <sup>(a)</sup>			Total <sup>(a)</sup>		
	1950	1955	1957	1950	1955	1957	1950	1955	1957
<b>Industrial countries</b> .. .. .	<b>318</b>	<b>674</b>	<b>957</b>	<b>242</b>	<b>508</b>	<b>649</b>	<b>560</b>	<b>1,182</b>	<b>1,606</b>
France, United Kingdom and West Germany .. .. .	23	71	87	31	70	86	54	141	173
Other western Europe <sup>(b)</sup> .. .. .	196	405	438	87	204	264	283	609	702
United States .. .. .	25	103	316	82	146	201	107	249	517
Canada .. .. .	71	87	109	40	82	93	111	169	202
Japan .. .. .	3	8	7	2	6	5	5	14	12
<b>Semi-industrial countries</b> .. .. .	<b>262</b>	<b>318</b>	<b>363</b>	<b>117</b>	<b>150</b>	<b>144</b>	<b>379</b>	<b>468</b>	<b>507</b>
Australia, New Zealand and South Africa .. .. .	171	205	213	43	77	69	214	282	282
India .. .. .	13	24	24	6	14	11	19	38	35
Other semi-industrial countries <sup>(c)</sup> .. .. .	78	89	126	68	59	64	146	148	190
<b>Rest of World</b> .. .. .	<b>277</b>	<b>673</b>	<b>726</b>	<b>181</b>	<b>386</b>	<b>490</b>	<b>458</b>	<b>1,059</b>	<b>1,216</b>
<b>World Total</b> .. .. .	<b>857</b>	<b>1,665</b>	<b>2,046</b>	<b>540</b>	<b>1,044</b>	<b>1,283</b>	<b>1,397</b>	<b>2,709</b>	<b>3,329</b>
	<i>Increase 1950-55</i>	<i>Increase 1955-57</i>	<i>Increase 1950-55</i>	<i>Increase 1955-57</i>	<i>Increase 1950-55</i>	<i>Increase 1955-57</i>	<i>Increase 1950-55</i>	<i>Increase 1955-57</i>	
<b>Industrial countries</b> .. .. .	<b>+356</b>	<b>+283</b>	<b>+266</b>	<b>+141</b>	<b>+622</b>	<b>+424</b>			
<i>of which</i>									
<i>Western Europe</i> .. .. .	+257	+49	+156	+76	+413	+125			
<i>United States</i> .. .. .	+78	+213	+64	+55	+142	+268			
<b>Semi-industrial countries</b> .. .. .	<b>+56</b>	<b>+45</b>	<b>+33</b>	<b>-6</b>	<b>+89</b>	<b>+39</b>			
<b>Rest of world</b> .. .. .	<b>+396</b>	<b>+53</b>	<b>+205</b>	<b>+104</b>	<b>+601</b>	<b>+157</b>			
<b>World Total</b> .. .. .	<b>+808</b>	<b>+381</b>	<b>+504</b>	<b>+239</b>	<b>+1,312</b>	<b>+620</b>			

Source : National trade statistics ; total exports of principal exporting countries, as in table 9.

(a) Excluding exports of radio and television sets from the Netherlands, for which statistics by country of destination are not published.

(b) Belgium-Luxembourg, Italy, Netherlands, Norway, Sweden and Switzerland.

(c) Argentina, Brazil, Chile, Colombia, Mexico, Turkey and Yugoslavia.

These trends may well continue. In the semi-industrial countries, the process of substitution for imports can be expected to go on and there is unlikely to be any big change in their import requirements. The future course of exports to the non-industrial countries depends heavily on the movement in their export earnings. Exports seem most likely to rise to the industrial countries, where demand is rising fastest and where trade barriers are tending to fall. The world market for durable consumer goods is one in which competition is fierce, and there have been substantial changes in the share of the main exporting countries in recent years ; these are analysed in the next section.

### Competition in the world market

#### Passenger road vehicles

There has been a sharp reversal in the relative

shares of the world market in passenger cars supplied by the main producing countries since pre-war. The United States, which started mass-producing cars during and immediately after the first World War, dominated world trade in passenger cars during the 1920's. It was not until the mid-1930's that the small European car emerged as a successful competitor ; by 1937, the United States share of world exports of all passenger cars was only about 50 per cent (table 20).

In the post-war period the British car industry has conducted a vigorous export drive. In 1950, Britain's exports amounted to almost one-half, by value, of the world total, as against only one-sixth in 1937. The subsequent recovery of the west European industries and the success of their export efforts has reduced Britain's share in recent years to about one-quarter of the world total—still larger than pre-war. The United States share has continued to fall, and in 1958 was only one-eighth of the total trade.

**Table 20. Share of the world market in passenger cars and chassis, 1937-1958**

Exports from	Per cent of value				
	1937	1950	1955	1957	1958
West Germany ..	10.4 <sup>(a)</sup>	7.9	28.8	33.8	34.8
United Kingdom	16.7	46.1	23.9	24.6	25.0
France .. ..	7.5	11.6	10.6	12.7	14.5
United States ..	49.6	26.4	26.9	17.0	12.5
Italy .. ..	3.6	2.7	4.0	5.1	6.2
Sweden .. ..	1.6	0.8	1.5	2.1	2.7
Belgium—					
Luxembourg ..	2.9	1.1	2.4	2.5	2.3
Canada .. ..	5.8	2.6	0.9	1.3	0.9
Other countries <sup>(b)</sup>	1.9	0.8	1.0	0.9	1.1
Total .. ..	100.0	100.0	100.0	100.0	100.0

Source: National trade statistics.

(a) Exports from the whole of Germany.

(b) Netherlands, Switzerland and Japan.

In the earlier post-war period the low United States share was largely explained by the restrictions which many countries imposed on imports from dollar sources: though discrimination against 'dollar' cars is now much less widespread, it is still enforced, to a greater or lesser degree, in many markets.<sup>(1)</sup> Dollar discrimination does not, however, explain why the United States share has continued to fall in recent years. The main reason for this appears to

<sup>(1)</sup> As from November 1959, the United Kingdom abolished import restrictions on United States cars.

be that the more economical European car has a wider appeal than the larger American vehicle.<sup>(2)</sup>

Since 1955 West Germany has increased her share further, to one-third of the world total, while the French car industry has nearly doubled its pre-war share. A substantial part of the increase in French car exports from 1950 to 1957 went to the associated territories in the French Union, and little more than half of it went to the more competitive markets of the industrial countries; over this period, three-quarters of the increase in British and West German exports went to the industrial areas. Germany concentrated her export effort on the expanding markets of western Europe and the United States. The United Kingdom lost to Germany and the United States part of her share of the imports into the Southern Dominions—Australia, New Zealand and South Africa; imports of American cars into this area rose as discrimination was relaxed.

Exports of motor cycles and motor scooters have risen rapidly since 1950, though they fell from 1957 to 1958 (table 21). There is little doubt that it is the motor scooters which account for most of the rise; Italy, which has specialised in motor scooters, has increased its share of the total market in both motor cycles and scooters from 7 per cent in 1950 to 33 per cent in 1958. Britain's share is now lower than it was before the war.

<sup>(2)</sup> A small part of the decline in the United States share of world exports since 1950 is explained by the substantial increase in its imports of cars during this period. This automatically reduces its share and increases that of other countries. But even if all exports of passenger road vehicles to the United States are excluded from the world total the United States share still shows a fall from 23.0 per cent in 1950 to 17.9 per cent in 1957 and 14.8 per cent in 1958.

**Table 21. Exports of motor cycles, bicycles, and parts,<sup>(a)</sup> and shares of the world market, 1937-1958**

					Series	1937	1950	1955	1957	1958
<b>Motor cycles<sup>(b)</sup> and parts</b>										
World exports .. ..	..	..	..	..	\$ million	28	45	103	124	102
Percentage shares										
West Germany .. ..	..	..	..	..	per cent	67 <sup>(c)</sup>	27	43	42	34
Italy .. ..	..	..	..	..	per cent	1	7	18	27	33
United Kingdom ..	..	..	..	..	per cent	24	54	23	17	16
<b>Bicycles and parts</b>										
World exports .. ..	..	..	..	..	\$ million	50	95	129	107	92
Percentage shares										
United Kingdom ..	..	..	..	..	per cent	45	66	62	56	57
West Germany .. ..	..	..	..	..	per cent	31	10	16	17	16
Japan .. ..	..	..	..	..	per cent	16	6	7	8	7

Source: National trade statistics; total exports from main countries, as in table 9.

(a) For France, excludes parts. German figures of parts do not separately distinguish bicycle and motor cycle parts; the separate figures have been estimated for 1955, 1957 and 1958.

(b) Including motor scooters and motor-assisted bicycles.

(c) Exports from the whole of Germany.



World exports of bicycles have been falling since 1955. Primary producing countries have been developing their own production (see page 25) and the United States, which was a very big importer in 1955, has raised its tariff since then and has reduced its imports of bicycles substantially. Although Britain's share of the market has fallen, it is still over 50 per cent and is higher than pre-war.

#### *Household durables*

Before the war, Germany was easily the biggest exporter of household durables; in 1937 she accounted for one-third of total exports from the main industrial countries (table 22). Switzerland and the United States each held about one-fifth of the total market, while Britain came a long way behind with one-tenth. In the earlier post-war period, both Switzerland and Britain benefited from the absence of many German firms, but since the early 1950s West Germany has been regaining ground. By 1958 she had established a clear lead, supplying one-quarter of the world total—still substantially less, however, than the pre-war share held by the old Reich. Britain's share in the past two years, though less than in the early 1950's, is still larger than pre-war. Japan and France have also improved their positions. The United States share is a good deal lower than it was pre-war.

The different movements in world demand for the specialities of the different producing countries account for some of these changes. World trade in watches and clocks, for instance, rose faster than average from 1937 to 1950; this explains about half the rise in Switzerland's share during this period. The United

States also benefited from the shift in world demand, particularly from the rise in demand for electric washing machines, gas water heaters and water softeners. By contrast, the changes in the pattern of world trade worked to the disadvantage of the Netherlands and West Germany. Radio sets and other radio equipment were a large part of Dutch exports in 1937; trade in this group rose less than average from 1937 to 1950, and so the Dutch share in world trade in household durables fell. Relatively low demand for cameras, radio sets and cutlery explain about one-third of the fall in Germany's share over these years; but it may be that one reason why world trade in cameras, for instance, rose only slowly was that the German article was not on the market.

Since 1950, the changing pattern of world trade in household durables has again benefited the United States, because of the big rise in trade in radios, television sets and record players; it has also helped Britain and the Netherlands. Trade in watches and clocks has risen comparatively slowly, to Switzerland's disadvantage.

Table 23 gives detailed figures for individual household durables. For a number of them, the most important change since 1950 has been West Germany's re-entry into the world market; in particular, her trade in electrical goods recovered substantially, in spite of the fact that, before the war, an appreciable part of Germany's light electrical industry was in the area which is now East Germany. By 1958 her share in the market for washing machines, refrigerators and gramophones and record players was bigger than that of the old Reich in 1937. However, her share in the trade in sewing machines and cameras fell from 1950 to 1958, because of competition from Japan and—from cameras—from Switzerland.

The United States share of a number of items has fallen considerably since pre-war. The trade in electric washing machines was virtually an American monopoly then; by 1958, Britain and West Germany together exported 55 per cent of the world total. The United States also no longer dominates the domestic refrigerator market as she did; in sewing machines, too, her share has come down drastically, mainly because of the rapid rise in Japanese sales, but also partly as a result of the post-war success of Swiss and Italian makes. In electric cooking and heating apparatus, however, the United States has held her own since 1950.

Japan's share of the world market in household durables has risen fast from 1950 to 1958; domestic sewing machines and radio sets explain about two-thirds of the rise, and cameras and cutlery the rest. Japanese sewing machines, which were a negligible export before the war, now account for over one-third of total world exports. Japan has also launched a

**Table 22. Shares of the world market in household durables, 1937-1958**

Exports from	Per cent				
	1937	1950	1955	1957	1958
West Germany ..	32.4 <sup>(a)</sup>	11.6	23.5	25.5	26.3
Switzerland ..	22.6	33.0	25.8	25.4	21.7
United States ..	19.9	20.0	16.0	14.4	14.2
United Kingdom	10.3	17.3	15.4	12.6	12.8
Japan .. ..	2.1	2.3	4.4	6.2	7.9
Netherlands ..	6.6	4.5	6.1	5.7	6.6
France .. ..	1.5	4.9	3.1	4.0	4.6
Belgium-					
Luxembourg ..	0.5	1.3	2.0	1.9	2.3
Italy .. ..	0.6	1.5	1.3	1.5	1.7
Sweden .. ..	2.9	2.9	2.2	2.2	1.6
Canada .. ..	0.7	0.7	0.3	0.5	0.3
Total ..	100.0	100.0	100.0	100.0	100.0

Source: National trade statistics.

(a) Exports from the whole of Germany.

Table 23. Shares of the world market for selected household durables, 1937-1958

		Per cent				
Exports from		1937	1950	1955	1957	1958
<b>Cutlery</b>						
West Germany	.. .. .	55 <sup>(a)</sup>	31	35	32	32
United Kingdom	.. .. .	21	32	34	27	27
Japan	.. .. .	6	3	8	16	15
United States	.. .. .	11	15	9	8	8
France	.. .. .	2	9	6	6	7
Value of U.K. Exports (\$ m.)	.. .. .	5.9	14.7	27.6	24.3	24.8
<b>Sewing machines</b>						
Japan	.. .. .	0	15	32	35	35
United Kingdom	.. .. .	33	28	26	27	23
West Germany	.. .. .	38 <sup>(a)</sup>	23	12	9	17
Switzerland	.. .. .	0	11	12	10	9
Italy	.. .. .	1	9	10	9	8
United States	.. .. .	24	7	4	3	3
Value of U.K. Exports (\$ m.)	.. .. .	9.0	16.8	27.2	31.4	26.5
<b>Electric washing machines</b>						
West Germany	.. .. .	—	—	25	34	29
United States	.. .. .	98	42	30	28	28
United Kingdom	.. .. .	—	49	33	24	27
France	.. .. .	—	1	5	7	8
Canada	.. .. .	1	8	2	2	2
Value of U.K. Exports (\$ m.)	.. .. .	—	10.6	15.5	14.8	16.5
<b>Radios, radiograms and television sets</b>						
West Germany	.. .. .	27 <sup>(a)</sup>	7	33	39	34
Netherlands	.. .. .	32 <sup>(b)</sup>	31	30	23	22
United States	.. .. .	32	25	12	12	12
Japan	.. .. .	1	0	1	5	12
Belgium-Luxembourg	.. .. .	1	9	10	8	8
United Kingdom	.. .. .	5	11	7	4	3
Value of U.K. Exports (\$ m.)	.. .. .	2.6	7.7	11.1	10.0	9.9
<b>Electric cooking and heating appliances (including irons)</b>						
West Germany	.. .. .	55 <sup>(a)</sup>	10	29	36	32
United States	.. .. .	12	29	29	24	27
United Kingdom	.. .. .	22	46	32	24	25
France	.. .. .	5	7	5	4	5
Sweden	.. .. .	1	2	1	1	2
Value of U.K. Exports (\$ m.)	.. .. .	1.7	8.7	17.4	14.4	14.2
<b>Domestic refrigerators</b>						
United States	.. .. .	67	60	50	45	36
West Germany	.. .. .	15 <sup>(a)</sup>	4	17	24	27
United Kingdom	.. .. .	4	22	21	15	21 <sup>(c)</sup>
France	.. .. .	1	4	5	7	9
Italy	.. .. .	—	0	0	2	5
Sweden	.. .. .	11	7	6	6	..
Value of U.K. Exports (\$ m.)	.. .. .	0.7	12.2	21.3	16.9	28.0 <sup>(c)</sup>
<b>Gramophones, record players, tape-recorders, etc.</b>						
United Kingdom	.. .. .	48	21	24	23	25
United States	.. .. .	5	51	33	27	24
West Germany	.. .. .	9 <sup>(a)</sup>	1	18	23	22
Netherlands	.. .. .	1	9	15	13	15
Switzerland	.. .. .	14	13	7	5	5
Belgium-Luxembourg	.. .. .	0	0	2	4	5
Japan	.. .. .	22	2	1	1	2
Value of U.K. Exports (\$ m.)	.. .. .	2.5	3.8	14.2	21.7	24.7

For footnotes, see next page.



Table 23 (cont.). Share of the world market for selected household durables, 1937-1958

Per cent

Exports from	1937	1950	1955	1957	1958
<b>Cameras (excluding cine-cameras)</b>					
West Germany .. .. .	89 <sup>(a)</sup>	59	71	61	56
Japan .. .. .	—	4	9	17	21
Switzerland .. .. .	1	10	13	14	14
United States .. .. .	5	7	2	2	3
United Kingdom .. .. .	3	12	3	2	2
France .. .. .	1	6	1	2	2
Value of U.K. Exports (\$ m.) .. .. .	0.5	2.2	1.9	1.4	1.0
<b>Watches and clocks</b>					
Switzerland .. .. .	70	80	77	78	76
West Germany .. .. .	20 <sup>(a)</sup>	7	16	15	17
France .. .. .	2	6	3	3	3
Value of U.K. Exports (\$ m.) .. .. .	0.6	3.9	4.5	5.4	5.0

Source : National trade statistics. Countries listed in order of importance in 1958 export trade. Listing is confined to countries accounting for 5 per cent or more of the world total in any one of the years shown.

(a) Exports from the whole of Germany.

(b) Approximate estimate. Complete radio receiving sets were not separately distinguished in the Netherlands export returns until 1948, when they accounted for 52 per cent of the heading 'radio products and parts thereof, n.e.s.'. The corresponding proportion in 1950 was 60 per cent. It has been assumed here that complete radio receiving sets accounted for 55 per cent of the combined heading in 1937.

(c) The figure for 1958 is not completely comparable with those for earlier years.

successful export drive in the past two years in small transistor radio sets (the United States is a major market for these), and she is now the second largest exporting country for cameras, specialising in precision-built miniatures. Since the Japanese industries are able to combine precision work with low-cost production, it seems likely that Japan's share will go on rising.

Though Britain's share of the total market for household durables in the past two years just exceeded the pre-war figure, there was a noticeable fall from 1950 to 1958, in particular in washing machines and electric cooking and heating apparatus, but also in cutlery, sewing machines, radio sets and cameras. Since the commodity pattern of world demand changed in Britain's favour in this period, her loss in share has to be explained in other ways. One explanation is that demand has grown more slowly in the primary producing countries (to which most of Britain's exports go) than in the industrial countries (which are the main markets for West Germany, Switzerland and Japan). Table 24 gives the proportion of exports of household durables going to the main industrial markets<sup>(1)</sup> in 1950 and 1957.

Nonetheless, it is not likely that this shift in the area pattern of world trade is the whole explanation of the fall in Britain's share. Both Germany and Japan, with intensive export drives, have gained ground at Britain's expense in a number of countries. In both these countries, the industries making consumer

Table 24. Proportion of exports of consumer durable goods going to the industrial areas, 1950-1957

Per cent

Exports from	1950	1957
United Kingdom .. .. .	26	36
United States .. .. .	33	42
Japan .. .. .	50	60
Switzerland .. .. .	60	54
West Germany .. .. .	53	60

durables succeeded in raising their exports substantially at the same time as they were meeting a large unsatisfied home demand. In Britain, however, the expansion in home demand has failed to carry with it a corresponding increase in exports. The relationship between changes in exports and changes in home sales since the early 1950's is examined in more detail in the following section.

### Exports and the home market

In addition to the shift in the area pattern of world trade, and fierce competition from Japan and Germany, a third reason is often given for Britain's loss of share in the world market for durable consumer goods since 1950 : that is, the pull of the home market. It is argued that industries cease to concern themselves with exports when the pull of the home market is too strong, and conversely that those industries are successful in exporting which cannot sell in the home market and are consequently forced to look for markets

<sup>(1)</sup> Taking these as the countries listed in table 22, plus Norway.

abroad. To throw some light on this question, some new index numbers have been prepared of home and export deliveries of passenger road vehicles and of household durables (table 25 and chart 7) and the experience of this and other countries in home and export markets for particular items has been examined (table 26 and chart 8).

Television sets account for a large part of the increase in sales of household durables: they explain nearly 60 per cent of the rise in home deliveries from 1952 to 1955, and 40 per cent of the rise from 1956 to 1958. The British manufacturer who wishes to export television sets is confronted by a major technical obstacle—the difference between the British picture definition standard and those in use abroad.<sup>(1)</sup> Because of this export models have to be built to different specifications from models for the home market, and this means higher production costs. British exports of television sets have in fact been negligible, while both Holland and West Germany export them on a substantial scale. How far the technical difficulties explain this difference, and how far the British television industry would in any event have concentrated on the home market, it is not

**Table 25. Home and export deliveries<sup>(a)</sup> of consumer durables in the United Kingdom, 1950-1958**

*Volume index numbers, 1950 = 100*

Year	Passenger road vehicles			Household durables <sup>(b)</sup>		
	Home	Export	Total	Home	Export	Total
				(Ex. T.V.)		(Ex. T.V.)
1950	100	100	100	100 100	100	100 100
1951	93	97	95	113 105	132	119 115
1952	90	88	89	90 64	93	91 75
1953	142	82	108	122 82	81	109 82
1954	190	95	136	170 145	84	144 121
1955	231	99	156	210 159	78	169 128
1956	165	89	122	163 118	81	138 103
1957	196	108	146	203 142	75	164 116
1958	219	134	171	233 174	74	184 135

Source: Computed by NIESR from quantity data in *Monthly Digest of Statistics*, Central Statistical Office, using 1955 factory values as weights.

The export indices are based on statistics of deliveries by manufacturers and do not necessarily reflect corresponding changes in actual exports as recorded in the Trade Accounts. Nevertheless, it is not thought that the general trend in exports since 1950 is distorted by the use of the delivery statistics. The advantage in using delivery figures is that they relate to precisely the same items as are included in the home sales index numbers.

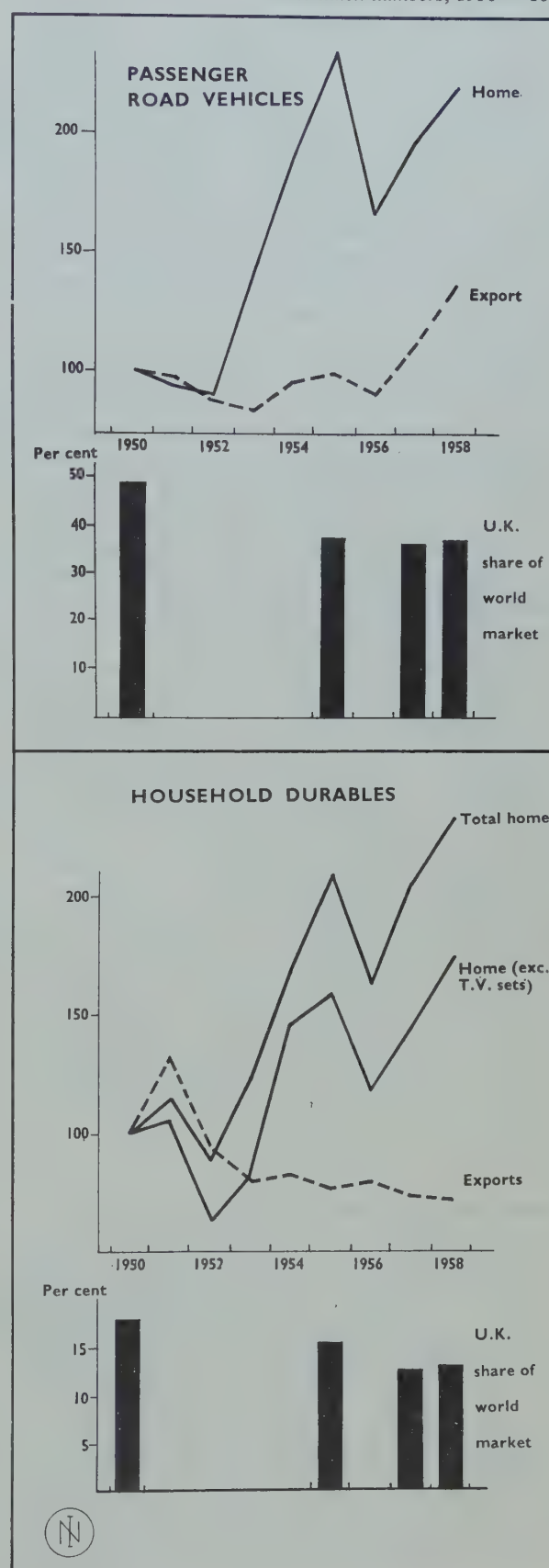
(a) Production or deliveries by manufacturers.

(b) Radios and radiograms, television sets, domestic refrigerators, domestic hand-operated laundering machinery, electric vacuum cleaners, dry shavers, domestic electric washing machines, electric irons and portable typewriters.

<sup>(1)</sup> In Britain, television reception is based on 405-line definition, while on the Continent, apart from France, 625-line definition is standard. France uses 819-line, while the United States uses 525-line, as does the rest of the American Continent and most countries in the Middle East.

**Chart 7. Home and export deliveries of consumer durables in the United Kingdom, 1950-1958**

*Volume index numbers, 1950 = 100*



Source: Table 25.



possible to say. If television set production is omitted from the figures (table 25 and chart 7), the index of home deliveries rises much more slowly, while the index of export deliveries is not changed; but the contrast between rising home sales and stagnant export sales, though smaller, is still striking.

It does not follow, however, that exports would have risen more if the rise in home sales had been restrained; the year-to-year movements in home sales and exports of household durables do not suggest any such connection. Further, the rise in home sales of passenger cars from 1950 to 1958 was very nearly as big as the rise in home sales of household durables; but export sales of cars over this period rose appreciably, while exports of household durables fell. Indeed, from 1956 to 1958 exports of cars rose faster than home sales.

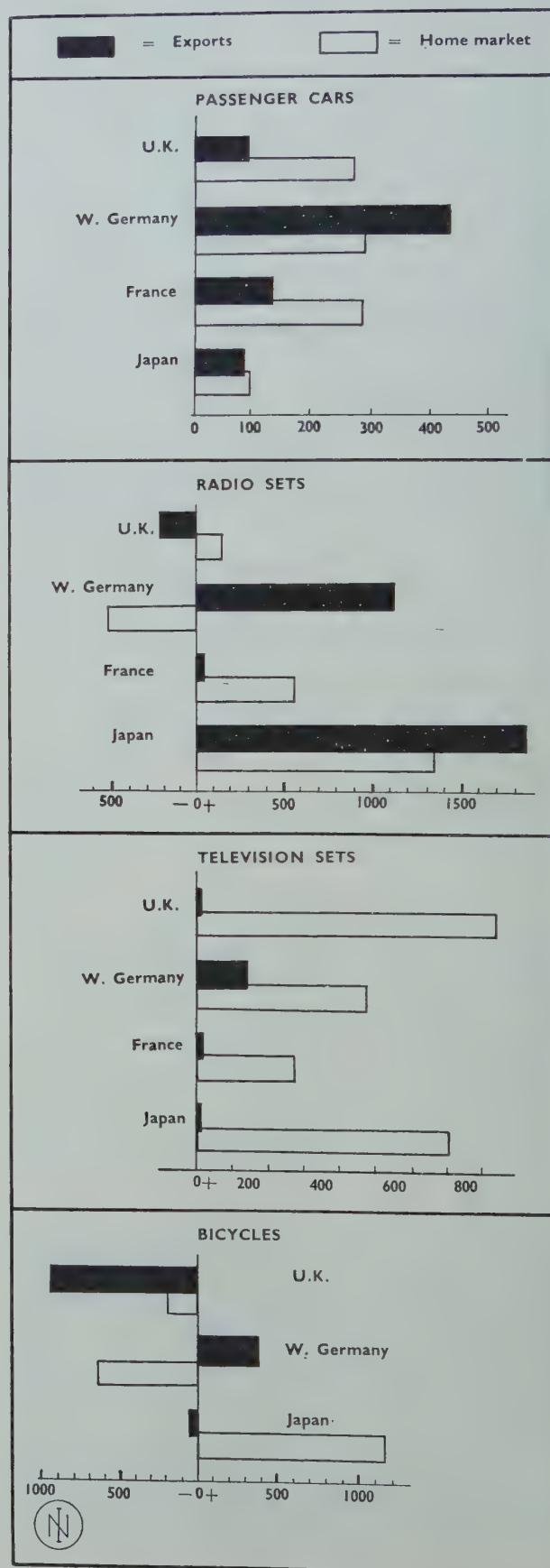
Foreign experience, again, does not suggest any systematic connection between the movement of home and export sales: table 26 and chart 8 compare the annual averages of 1956-58 with 1950-52. For some items and in some countries, a fall in home sales was accompanied by a rise in exports: this was true, for instance, for radios and radiograms in West Germany and for sewing machines in Japan. Also, in a number of instances, home sales rose and exports fell—Japanese bicycles and United States radios and radiograms are examples. But more commonly, home and export sales both rose, and often substantially. For instance, Japanese home deliveries of radios rose by over a million, and so did their export sales; West German home sales of television sets rose by nearly half a million, and export sales rose by 160,000. Dutch home sales and exports of vacuum cleaners both rose by about 80,000. For passenger cars, home sales rose by about 300,000 in France, West Germany and Britain—suggesting that in the three countries the pull of the home market was about the same; but during this period the French increase in exports was 40 per cent bigger than the British, and the German increase was four times as great.

#### British exports of cars and household durables

The British car industry has certainly been more successful in export markets than the household durable industries, particularly since 1956. The export figures for the first nine months of 1959 show a continued divergence between the two; compared with a year earlier, car exports rose appreciably, and exports of household durables fell slightly. It is difficult to point to any single cause for this difference in experience; one major influence may be the fact that the car industry was obliged by Government action to export a substantial proportion of its

**Chart 8. The rise in exports and home market sales for four consumer durables in four countries**

*Change from 1950-52 to 1956-58, thousands*



Source: Table 26.

Table 26. Exports and production for the home market of selected durable consumer goods, 1950-1952 and 1956-1958

Annual averages, thousand units

Country	1956-58		Change from 1950-52 to 1956-58	
	Exports <sup>(a)</sup>	Home market <sup>(b)</sup>	Exports <sup>(a)</sup>	Home market <sup>(b)</sup>
<b>Passenger cars</b>				
France .. .. .	230	524	+ 142	+ 298
Italy .. .. .	116	107	+ 96	+ 103
United Kingdom .. .. .	443	438	+ 103	+ 290
United States .. .. .	149	5,247	- 10	- 35
West Germany .. .. .	528	468	+ 444	+ 301
<b>Bicycles, complete</b>				
Italy .. .. .	47	271	+ 29	- 27 <sup>(c)</sup>
Japan .. .. .	63	2,038	- 42 <sup>(d)</sup>	+ 1,150
Netherlands .. .. .	87 <sup>(e)</sup>	421 <sup>(e)</sup>	- 19	0
United Kingdom .. .. .	1,650	870	- 970	- 160
West Germany .. .. .	428	542	+ 397	- 623
<b>Radios and radiograms</b>				
France .. .. .	199	1,392	+ 66	+ 553
Japan .. .. .	1,832	1,986	+ 1,828	+ 1,344
United Kingdom .. .. .	296	1,464	- 200	+ 150
United States .. .. .	266	9,113	- 132	+ 810
West Germany .. .. .	1,530 <sup>(e)</sup>	1,457 <sup>(e)</sup>	+ 1,127 <sup>(g)</sup>	- 499 <sup>(g)</sup>
<b>Television receivers<sup>(f)</sup></b>				
France .. .. .	14	309	+ 13	+ 282
Japan .. .. .	7	703	+ 7	+ 703
United Kingdom .. .. .	18	1,752	+ 12	+ 845
United States .. .. .	182	6,068	+ 75	+ 69
West Germany .. .. .	179 <sup>(e)</sup>	604 <sup>(e)</sup>	+ 160	+ 494
<b>Domestic sewing machines</b>				
Italy .. .. .	154	301	+ 41	+ 93
Japan .. .. .	1,659	371	+ 1,072	- 156
United Kingdom <sup>(h)</sup> .. .. .	706 <sup>(i)</sup>	125	+ 100 <sup>(i)</sup>	+ 43
West Germany .. .. .	85 <sup>(e)</sup>	506 <sup>(e)</sup>	- 81 <sup>(g)</sup>	+ 112 <sup>(g)</sup>
<b>Domestic electric washing machines</b>				
United Kingdom .. .. .	194	526	- 96	+ 235
United States .. .. .	90	2,916	+ 31	+ 1,335
<b>Vacuum cleaners</b>				
Netherlands .. .. .	174	210	+ 86	+ 74
United Kingdom .. .. .	226	978	- 91	+ 271
United States .. .. .	99	3,273	+ 78	+ 261

Sources : National production and export statistics.

(a) Actual exports, except for the United Kingdom, the figures for which are for manufacturers' production, or deliveries, for export ; exceptionally, exports of sewing machines from the United Kingdom are actual exports.

(b) For the United Kingdom, manufacturers' production, or deliveries, for the home market. For France (passenger cars), Japan, Netherlands (bicycles) and West Germany the figures have been obtained by deducting exports from total production. For the United States and Netherlands (vacuum cleaners), exports were deducted from manufacturers' total sales, and for France (radios and television) from figures for deliveries.

(c) Change from 1953-55 average.

(d) Although there was a fall in exports of complete bicycles from Japan, this was more than offset by an expansion in exports of bicycle parts over the same period.

(e) 1957.

(f) The changes shown are from 1952, except for West Germany, for which a 1954 base was taken.

(g) Change from 1952.

(h) The figures for the later period are an average for 1956-57.

(i) Including exports of industrial sewing machines.



production in the early post-war period, and that later it came under pressure to sell in the highly competitive American market. The industry has thus developed since 1945 in an 'export-minded' way and considerable capital has been invested in export sales organisations and in service depôts in foreign markets.

For household durables, on the other hand, the big rise in production came after the setting of export targets for industries had been abandoned, and the household durable industries have, since 1950-1952, concentrated on the home market; in general they have not acquired the habit—as the car industry has

done in the post-war period—of looking to export markets for an appreciable proportion of their sales.

World trade in consumer durables is likely to go on rising—though the biggest rises may continue to be in markets, such as those of western Europe, which have not hitherto been regarded as traditional outlets for British exports. Present tendencies suggest that Britain will maintain her share in exports of passenger cars, but that her share in exports of household durables will continue to fall, unless there is some change in the attitude of the industries concerned to the export markets.

# A REVIEW OF SOVIET ECONOMIC PROGRESS

*Because economic developments in the U.S.S.R have little direct impact on the British economy, they are not regularly reviewed in our analyses of trends at home and abroad. This is a general survey intended for those who are not familiar with economic trends in the Soviet Union. The author, an outside contributor, is Mr. A. Nove, Reader in Russian Social and Economic Studies in the University of London.*

## Post-war progress

In 1946, when the Soviet economy was still suffering acutely from war damage, Stalin addressed a meeting in Moscow and announced some long-term economic targets: the aim, he said, was to treble the 1940 output of basic industries, and in particular to reach an output of 50 million tons of pig-iron, 60 million tons of steel and 60 million tons of oil. 'This will take three five-year plans, or maybe longer', he said, suggesting that he hoped to reach these goals in the early 1960s.<sup>(1)</sup> Ambitious as his targets seemed at the time, they will in fact probably be exceeded by 1960—in the case of oil by a very wide margin. The period from 1946 to 1956 was one of exceptionally rapid growth. In the first years, the restoration of war-damaged productive capacity and reparations deliveries helped, but progress continued to be very rapid during the fifth five-year plan (1951-1956), when these factors were no longer important.

The figures given in table 27 show the rates of growth achieved. The indices of total industrial output should be treated with some caution since, for technical reasons, they are believed to exaggerate actual performance. Three Western experts have independently calculated the increase in industrial output in the years 1951-1955 at 65 per cent, against the official Soviet figure of 85 per cent<sup>(2)</sup>—that is, 10½ per cent and not 13.1 per cent a year. But even the lower figure is very impressive; and so are the figures for output of individual industrial commodities. They measure output in physical units and are generally accepted as reliable (table 28).

Nevertheless, at Stalin's death in 1953, the Soviet economy faced a number of problems. First, the concentration on heavy industry had entailed neglect of consumer goods industries. It is true that their output was rising, but the diversion of skilled labour

Table 27. Indicators of Soviet economic growth

Annual compound growth rates, per cent

	1950 to 1955 Actual	1955 to 1960 Plan <sup>(a)</sup>	1955 to 1958 Actual	1958 to 1965 Plan
<b>General economic indicators</b>				
National income <sup>(b)</sup> ..	11.4	9.9	9.1	7.2
Gross industrial output ..	13.1	10.5	10.3	8.6
Producers' goods ..	13.8	11.2	11.2	9.3
Consumers' goods ..	12.0	9.9	8.2	7.3
Gross agricultural output ..	3.9	11.2	8.3 <sup>(c)</sup>	8.0
Retail trade turnover ..	13.6	8.5	8.1	7.1
Output per worker :				
Industry .. ..	7.6	8.5	6.5	5.7
Building .. ..	7.7	8.7	9.8	7.1
State fixed investment ..	11.2	10.8 <sup>(d)</sup>	12.1	8.8 <sup>(d)</sup>
<b>Fuel and power</b>				
Coal and lignite .. ..	8.5	8.7	8.2	2.9
Oil .. ..	13.3	13.8	16.9	10.4
Natural gas .. ..	10.9	31.1	42.2	25.8
Electricity .. ..	13.3	13.5	11.0	11.6
<b>Materials</b>				
Iron ore .. ..	12.6	9.8	7.3	8.2
Pig iron .. ..	11.7	9.8	6.0	6.9
Steel .. ..	10.7	8.6	6.6	7.1
Timber .. ..	5.7	6.0	3.4	2.4
Cement .. ..	17.2	19.6	14.0	12.6
Mineral fertilisers ..	11.9	15.3	8.8	17.0
Paper .. ..	9.3	7.9	5.7	6.9
<b>Investment goods</b>				
Machine tools .. ..	10.7	13.8	5.6	5.5
Turbines .. ..	11.3	20.8	17.5	16.7
Cars and lorries .. ..	4.2	7.9	4.7	6.9
Tractors .. ..	8.5	14.5	10.4	..
<b>Consumer goods</b>				
Cotton fabrics .. ..	8.6	4.2	-0.5	4.4
Wool fabrics .. ..	10.3	7.7	6.3	7.4
Silk and rayon fabrics ..	32.5	15.3	17.1	8.4
Leather footwear .. ..	6.2	8.7 <sup>(e)</sup>	9.0	5.5
Sugar .. ..	6.3	13.8	16.4	9.0

Sources: Official plan documents and reports, except where stated. Some plan figures are mid-points of ranges.

(a) The targets of the sixth five-year plan which was withdrawn in 1957.  
(b) National income on the Soviet definition, excluding 'unproductive services'.

(c) 1952 to 1958 as stated in *Voprosy Ekonomiki*, no. 2, 1959, p. 19.

(d) Total for the whole period, compared with total for previous period.

(e) All footwear.

<sup>(1)</sup> *Bolshevik*, no. 3, 1946.

<sup>(2)</sup> F. Seton, *Soviet Industrial Expansion* (Manchester Statistical Society, 1957); N. Jasny, *International Affairs*, January 1959; and D. Shimkin, *Automotive Industry*, January 1958. Another expert, W. Nutter, in a paper to the American Economic Association in 1957, argued for a lower figure than this. The exaggeration tended to be greater in the years before 1950, when 1926/7 prices were used (see A. Nove, '1926/7 and all that', in *Soviet Studies*, October 1957).



Table 28. Output of selected commodities

					1960 Plan <sup>(b)</sup>		1965 Plan <sup>(b)</sup>
	Units <sup>(a)</sup>	1950	1955	1958	A	B	
<b>Fuel and power</b>							
Coal and lignite .. .. .	<i>m. tons</i>	261	391	496	593	..	606
Oil .. .. .	<i>m. tons</i>	38	71	113	135	144	235
Natural gas .. .. .	<i>bn. cu. metres</i>	6.2	10.4	29.8	40	53	150
Electricity .. .. .	<i>bn. kwh</i>	91	170	233	320	291	510
<b>Materials</b>							
Iron ore .. .. .	<i>m. tons</i>	40	72	88.8	114.5	105	155
Pig iron .. .. .	<i>m. tons</i>	19	33	39.6	53	47	67.5
Steel .. .. .	<i>m. tons</i>	27	45	54.9	68.3	65	88.5
Rolling mill products .. ..	<i>m. tons</i>	21	35	42.9	52.7	52.7	67.5
Timber .. .. .	<i>m. cu. metres</i>	161	212	235	264	237.5	278
Cement .. .. .	<i>m. tons</i>	10	23	33.3	55	45.5	78
Mineral fertiliser .. .. .	<i>m. tons (gross)</i>	5.5	19.6	12.4	19.6	13.5	36
Sulphuric acid .. .. .	<i>'000 tons</i>	2,125	3,798	4,800	7,254	..	..
Paper .. .. .	<i>'000 tons</i>	1,193	1,862	2,200	2,722	..	3,500
<b>Investment goods</b>							
Machine tools .. .. .	<i>'000</i>	71	117	138	200	..	195
Metallurgical equipment .. ..	<i>'000 tons</i>	111	172	173	280	..	..
Forging and stamping machines..	<i>'000</i>	9	19	24.6	25.8	..	36
Turbines .. .. .	<i>m. kw.</i>	2.7	5.5	6.6	10.5	..	19.5
Steam locomotives .. .. .	<i>number</i>	985	654	..	0	..	0
Diesel locomotives .. .. .	<i>number</i>	125	134	712	1,630	..	2,625
Electric locomotives .. .. .	<i>number</i>	102	194	344	550	..	2,625
Goods wagons (rail) .. .. .	<i>'000</i>	51	34	40.3	52	..	..
Cars and lorries .. .. .	<i>'000</i>	363	445	511	650	..	800
Tractors .. .. .	<i>'000</i>	109	163	220	322	..	..
Grain combines .. .. .	<i>'000</i>	46	48	65	140	..	..
<b>Consumer goods</b>							
Cotton fabrics .. .. .	<i>m. metres</i>	3,889	5,905	5,800	7,270	7,900	7,850
Wool fabrics .. .. .	<i>m. metres</i>	155	252	303	363		500
Silk and rayon fabrics .. ..	<i>m. metres</i>	130	526	845	1,074		1,485
Linen fabrics .. .. .	<i>m. metres</i>	282	306	481	556		635
Leather footwear .. .. .	<i>m. pairs</i>	203	275	356	455 <sup>(c)</sup>	407.5	515
Clocks and watches .. .. .	<i>m.</i>	8	20	25	33.6	..	35.5
Sewing machines (domestic) ..	<i>'000</i>	502	1,611	2,700	3,780	..	4,550
Bicycles .. .. .	<i>'000</i>	649	2,884	3,700 <sup>(d)</sup>	4,230	..	..
<b>Construction</b>							
New housing .. .. .	<i>m. sq. metres</i>	24.2	33.4	68	70 <sup>(e)</sup>	101	110 <sup>(e)</sup>

(a) All tonnage figures are metric.

(b) Some plan figures are the mid-points of ranges. For 1960, column A gives the targets as laid down in the original sixth five-year plan in 1956; column B gives the one-year targets within the seven-year plan announced at the end of 1959.

(c) All footwear.

(d) Including auto-cycles and mopeds.

(e) The totals for the periods 1955-60 and 1958-65 were respectively fixed at 205 and 655 million square metres. It is assumed arbitrarily that the figure for the final year is to be somewhat above the average for each period. The figures include houses built by private individuals in urban areas, and exclude peasant housing.

and the best materials to heavy industry prejudiced the quality of consumer goods, while the poor organisation of distribution led to frequent 'goods famines' in many parts of the country. Secondly, agriculture was doing badly. Denied necessary investments and compelled to make deliveries of

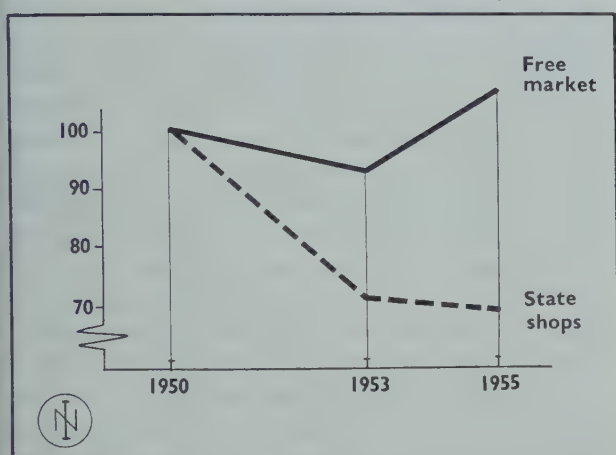
produce at very low prices,<sup>(1)</sup> most collective farms were unable to increase production or to provide

<sup>(1)</sup> Thus the price paid for potatoes was less than the cost of delivering them to the state collecting point. (Khrushchev, in his report to the plenum of the Central Committee of the Soviet Communist Party, December 1958.)

adequate work incentives for their peasant workers. This state of affairs was concealed by statistical silence or exaggeration. Khrushchev has since revealed that the grain harvest of 1952 was not 130 million tons, as was stated at the time, but only 92 million tons,<sup>(1)</sup> and that there had been an acute shortage of grain. Meat and milk output compared unfavourably with the years before collectivisation and even with the pre-revolutionary period. Moreover, although food was scarce, the Government pursued a policy of annual price reductions which intensified demand for food. This resulted in queues and a growing gap between official and free market prices of most foods. Free market prices were above state prices in 1950 and the gap widened considerably in the next five years (chart 9).

Chart 9. Food prices : free market and state shops

Index numbers, 1950 = 100



Source : *Sovetskaya Torgovlya* (Statistical digest), Moscow, 1956, pp. 132, 182.

Thirdly, the housing shortage was acute ; it had been bad before the war and was made worse by war damage, and the rate of building in Stalin's last years barely kept pace with the increase in urban population. Finally, planning and organisation were excessively centralised. Almost any decision had to be referred to a ministry in Moscow. Even the tiniest details of agricultural sown areas, livestock numbers and field operations were prescribed from above. This 'centralism' may have been due in part to Stalin's personal character ; but strong direction from the centre may have been the only way to enforce concentration on heavy industry at a time when so many consumer goods and services were lacking.

### The Malenkov era

Stalin's successors showed themselves well aware of a need to change priorities and to take steps to

improve the lot of the consumer. A number of measures were promptly taken in 1953 and 1954 which were often described in the West as 'Malenkov's New Look'. The steps taken were :

(a) The prices at which the State bought produce from peasants were sharply raised, investment in agriculture was increased, and taxes on peasants were reduced. Great efforts were made to increase agricultural output. In 1954 the great campaign began to plough up virgin and fallow land in the steppelands, especially in Asia, which was to add 80 million acres, or roughly 16 per cent, to the sown area of the Soviet Union.

(b) It was announced publicly that consumer goods production would from then on have a much higher priority than in the past. A number of targets originally set for 1955 were revised upwards. A selection of these upward revisions is given in table 29.

(c) The retail trade plan was also revised upwards, and the price reductions of 1953 were very substantial—indeed more substantial than the supply and demand position warranted.

(d) The compulsory annual premium bond sales, which amounted to a levy of between three and four weeks' wages, were halved.

There was much argument in the West about how real the 'New Look' was and how far it went. In retrospect it seems that, although there was no revolutionary change in policy, there was a genuine

Table 29. Planned and actual output of selected consumer goods in 1955

	Unit	1955 Original plan	1955 Revised plan	1955 Actual
Meat <sup>(a)</sup> .. ..	'000 tons	2,448	2,550	2,524
Fish .. ..	'000 tons	2,754	3,190	2,737
Butter <sup>(a)</sup> .. ..	'000 tons	547.3	560	463
Vegetable oil <sup>(a)</sup> ..	'000 tons	1,883	1,500	1,156
Sugar (granulated)	'000 tons	4,496	4,800	3,419
Confectionery ..	'000 tons	1,537	1,825	1,389
Wine .. ..	m. dkl.	29.0	34.5	33.3
Wool fabrics ..	m. metres	245.5	271	252.3
Silk and rayon ..	m. metres	365.7	573	525.8
Knitted under- wear .. ..	m. pieces	361.5	382	346.5
Knitted outerwear	m. pieces	..	88	85.1
Sewing machines	'000	1,156.6	2,615	1,611
Bicycles .. ..	'000	2,145	3,445	2,883.8
Clocks and watches ..	m.	16.7	22.0	19.7

Sources : First column : Computed from the percentage targets given in the original and revised five-year plan and the actual physical targets in the revised plan. Second column : Central Committee of the C.P.S.U., *Pravda*, 25th October 1953. Third column : *Narod. Khozy. SSSR—1956*, pp. 64-5.

(a) State only (i.e. excluding consumption on the farm and free market sales).

<sup>(1)</sup> Khrushchev, *ibid*.



and important shift in emphasis. Malenkov's efforts to achieve quick improvements for the consumer appear to have been over-ambitious and in some instances measures were introduced which went much further than was justified by reality: for example, potato and vegetable prices were halved although there was already a shortage of these commodities at existing prices. His targets for consumer goods were not attained (table 29). How far that was due to his downfall is hard to say: probably they never were attainable.

Nevertheless 1954 was one of the few years in which output of industrial consumer goods rose faster than that of heavy industry; further, in 1955, output of many industrial consumer goods and the turnover of retail trade—although they fell short of the raised targets—did exceed the levels envisaged in the original pre-Malenkov version of the five-year plan. Moreover, although Malenkov's resignation in January 1955 was accompanied by an official reassertion of the need to give priority to heavy industry, and by criticism of those who over-emphasised consumer goods, Khrushchev did not by any means go back to the priorities of the Stalin era. He pursued ambitious programmes for agriculture, a major source of consumer goods, later accusing Malenkov of obstructing their introduction; and he accelerated house building. Over the economy as a whole, therefore, the increased stress on consumers' needs continued, though the emphasis changed somewhat.

### The sixth five-year plan and its withdrawal

This 'Khrushchev' policy was reflected in the sixth five-year plan covering the years 1956-1960, which was adopted by the 20th Party Congress in February 1956. It provided for an annual rate of increase in total industrial production of  $10\frac{1}{2}$  per cent a year. This was rather less than the rate of increase (13 per cent) claimed for the previous period, but still a high rate. (The main figures are given in tables 27 and 28.)

The plan aimed to combine a rapid growth of heavy industry with important advances for the consumer. More resources were to be devoted not only to agriculture but also to the sectors of industry serving agriculture. A programme for a more rapid increase in house building was introduced and soon revised upwards, and plans were announced to reduce hours of work, to raise the school-leaving age and to improve social services. In the summer of 1956 pensions were substantially increased from very inadequate levels. Yet the plan was almost still-born. In December 1956, the decision was taken to amend it, and in a few months it was decided to replace it by a seven-year plan, which would start in 1959.

The evidence suggests several interconnected reasons for this change. Essentially, too much was being attempted at once. The great advances in heavy industry in earlier periods were possible only because other sectors, notably agriculture and housing, were neglected. The attempt to advance simultaneously on all these fronts caused excessive strains. These were aggravated by a number of factors. The low birth rate of the years 1943 to 1947 was bound to reduce the rise in the labour force during the period of the plan, whilst the agricultural campaigns halted, and even temporarily reversed,<sup>(1)</sup> the movement of labour from country to town. The plan therefore relied heavily on increased output per man in industry; an increase of 50 per cent in five years was planned, and much more than this in output per man hour, since the standard working week was to be reduced from 48 to 42 hours. A contributory secondary factor appears to have been the sudden change, in 1956, in relations with the satellites. Having previously traded on terms advantageous to itself, the U.S.S.R. found it necessary to give aid to Poland, Hungary and some other countries in order to stabilise the political situation. Consequently the plan began to go awry. Soviet sources make it clear that the weakest spot was the investment sector. Factories could not be completed in time, and so it was impossible to fulfil output goals for a number of key commodities, including steel, coal and building materials. This affected all other sectors of the economy, and notably the building industry itself. The number of uncompleted building projects halted for lack of necessary resources rose substantially. All these difficulties, which accumulated during 1956, came to a head in arguments about the annual plan for 1957. A Soviet source explained the situation as follows:

'Major disagreements emerged between various ministries and departments. These disagreements were basically related to the fact that the ministries and departments demanded 70 billion roubles more for investment allocations in 1957 than had been planned, and for the five-year plan they wanted 371.5 billion more than had been envisaged in the plan directives. It will be recalled that the 1957 investment plan was confirmed at 170 billion roubles, while for the whole sixth five-year plan it was laid down at 990 billion roubles.

'The ministries and departments were arguing less about the total investment for the five-year period than about 1957. This is easy to understand, since the time taken to complete the construction of plant in heavy industry is generally four to five years. Therefore, if the new factories could not be begun in

<sup>(1)</sup> The number of working collective farmers rose by 2 million in 1953-1956, according to *Partiinaya Zhizn*, no. 13, 1957.

1957, they could not be completed within the five-year period and therefore their output would not become available. In addition, the failure to fulfil the construction plan in 1956 placed excessive strain on the plans for the next years (1957-1960) . . . This is why the arguments of the ministries and departments concerning investment were concentrated upon the year 1957. It became clear that the plan for completion of new capacity, laid down in the directives of the 20th Party Congress, would be fulfilled only if a further 70 billion roubles could be made available in 1957. However, for a whole number of reasons, this sum could not be provided.'<sup>(1)</sup>

Thus it became clear that the sixth five-year plan, in the form in which it had been adopted, could not be carried out. The plenum of the Central Committee of the Party, which met in December 1956, decided that, 'to avoid excessive strain and to bring the production and investment plans into line with available resources', it was necessary to amend the plan and instructed the planners to submit a revised five-year plan during the first half of 1957.<sup>(2)</sup> At the same time, the errors of 1956 touched off a basic reconsideration of the planning mechanism. There were at this time two bodies responsible: the State Economic Commission, which dealt with current planning, and the State Planning Commission (Gosplan), which prepared long-term plans. In December 1956, the Economic Commission was greatly strengthened, and was given direct authority over the economic ministries, in an effort to overcome the problems of organisation which arose under the 'ministerial' method of running industry. Each ministry ran its industrial sector (coal, oil, chemicals, heavy machinery, and so on) almost as an independent empire, with its own supply and disposals system. There was a strong tendency for each to make its own components and procure its own materials, so as to be sure of obtaining supplies in the face of chronic shortages. While, at the centre, the government and the planning agencies grappled with the problem of co-ordinating the activities of the various ministries, no authority existed at regional level which could take effective steps to link enterprises belonging to the different ministries. There were numerous examples of unnecessary cross-hauls, wasteful duplication and the like. The failures of 1956 focused attention on these and other defects of the system.

At this point, the course of events becomes inextricably linked with the political struggle, which led, in June 1957, to the defeat of the so-called 'anti-party group' and the triumph of Khrushchev.

We now know—though this was not published at the time—that Gosplan produced a revised version of the sixth five-year plan and submitted it to the Central Committee of the Party in April 1957, and that it was rejected for not sufficiently correcting 'disproportions', for neglecting the development of new regions, and other inadequacies.<sup>(3)</sup> However, it is doubtful whether the revised plan could have been given serious consideration, since in the spring of 1957 Khrushchev launched a far-reaching reorganisation of the planning and administrative mechanism. His proposals were adopted, after some amendment, in May 1957. How far they were politically motivated is a question beyond the scope of this article. They provided for the break-up of the ministerial system. The U.S.S.R. was divided into 105 economic regions (later reduced to 103), grouped within the fifteen federal republics. Each region was to be responsible for administering its enterprises and for the drafting of the plan for its area, subject to the ultimate authority of the centre. The planning and allocation functions of the latter were concentrated in a reorganised and much strengthened Gosplan. The State Economic Commission was abolished.

This reform made inevitable the revision, from scratch, of the long-term plans, and therefore the scrapping of the sixth five-year plan. The new plan would have to be based, at least in the first place, on proposals coming from the new regional economic councils, whose task it was to secure a more efficient utilisation of resources. The new regional councils started to operate only in the second half of 1957. They could not be expected to produce any coherent plans until the middle of 1958. By the time these plans were co-ordinated and amended, it was clearly going to be 1959. Thus it was decided to begin the new plan period in 1959, and this led logically to the replacement of the sixth five-year plan, which ended in 1960, by a new one. It was also decided to make the next plan cover seven years, 1959-65, apparently with the object of encouraging long-term schemes. This was all the more necessary because the new plan would have to provide for many slow-maturing investment projects in Siberia. The emphasis on the long term was further dramatised by the announcement by Khrushchev, in his speech on the fortieth anniversary of the revolution (November, 1957) of some draft fifteen-year targets for 1972 (table 32).

Thus there was an unintended interregnum between the plans in the years 1957 and 1958. Industrial growth continued at a reasonably rapid rate, but the most spectacular achievement was in agriculture.

<sup>(1)</sup> I. A. Kulev, *O dalneishem sovershenstvovanii planirovaniia i rukovodstva narodnym Khoziaistvom*, Moscow, 1957, pp. 7-10.

<sup>(2)</sup> *Pravda*, 25th December 1956.

<sup>(3)</sup> The many Party and Government statements published in 1957 omitted this information which was first revealed in the collection of *Decrees and pronouncements on the economy of the Communist Party and Soviet Government*, vol. 4, published in 1959.



Table 30. Agricultural production

	Units	1950	1953	1956	1957	1958	1960/61 targets <sup>(a)</sup>	1965 targets
Gross agricultural production .. ..	<i>Index numbers</i> 1950 = 100	100	104	138	140	154	..	262
All grains .. ..	<i>m. tons</i>	81.2	82.5	127.6	105	141.2	180	172
Sugar-beet .. ..	<i>m. tons</i>	20.8	23.2	32.5	39.7	54.5	..	80
Raw cotton .. ..	<i>m. tons</i>	3.5	3.9	4.3	4.2	4.4	..	5.9
Flax (fibre) .. ..	<i>m. tons</i>	0.25	0.16	0.52	0.44	0.44	..	..
Sunflower seed .. ..	<i>m. tons</i>	1.80	2.63	3.94	2.60	4.63	..	..
Potatoes .. ..	<i>m. tons</i>	88.6	72.6	96.0	87.8	86.5	..	140
Meat, lard, etc. .. ..	<i>m. tons</i>	4.9	5.8	6.6	7.4	7.7	21	16
Milk .. ..	<i>m. tons</i>	35.3	36.5	49.1	54.7	58.8	..	102.5
Wool .. ..	<i>m. tons</i>	0.18	0.24	0.26	0.29	0.32	..	..

Source : *Narodnoe Khozaystvo SSR v 1958 godu.*

Note : There is evidence that totals for milk and meat for all the years, and for grain in some recent years, are somewhat too high

(a) Targets announced by Khrushchev in speeches in 1956 and 1957.

Allowing for discontinuity caused by vagaries of climate, there was a solid advance, with record grain harvests in 1956 and 1958 and a pronounced upward trend in the production of milk, meat, sugar-beet and some other products (table 30). It is true that some of the output claims are exaggerated and should not be taken too literally. Yet no critic fails to recognize that the trend was upwards.

These successes were a response to increased investment in agriculture, and to the provision of more adequate income incentives for peasants; peasant earnings from collective work, in cash and kind, rose by over 80 per cent between 1952 and 1957.<sup>(1)</sup> Progress was fast mainly because the starting-point was low: agriculture had been badly neglected until Stalin's death. Yields per acre, and per cow, remain moderate or poor by Western standards, and performance has generally been well below the ambitious official targets. Agriculture still employs no less than 42 per cent of the civilian labour force, and productivity remains extremely modest. The leadership has tried hard to eliminate inefficiencies in agricultural organisation. In 1958, two major improvements were introduced. First, the state's Machine Tractor Stations were virtually liquidated and the machines were sold to the collective farms; in this way the artificial separation between the collective farms and their machinery was ended. Secondly, the multiple-price system was replaced by a single price for each farm product in each area, related (at least in principle) to cost. Other reforms are under active discussion.

### The seven-year plan

During 1958, the preparation of the seven-year

plan went ahead. It was published in draft in November 1958, and adopted by the 21st Party Congress in January 1959 (tables 27 and 28).

It is quite clear that the growth rates planned are well below those previously claimed: the sixth five-year plan already provided for a slow-down, with an annual rate of industrial growth of 10½ per cent, while the seven-year plan envisaged a little over 8½ per cent. National income, retail trade turnover and the output of principal industrial commodities (with some significant exceptions to be noted) are all to increase more slowly. Conscious of this fact, yet reluctant to admit that any slowdown has taken place, Soviet commentators have been apt to stress the increasing absolute rate of growth; a 7 per cent increase in steel output will represent more tons of steel than did a 10 per cent increase a few years ago, and so on. It is not surprising that, after the difficulties with the sixth five-year plan, a lower rate of growth was adopted. The plan provides for large investments in Siberia, which require heavy expenditure on basic facilities and take time to bear fruit; and the planners appear to have been anxious to avoid over-strain and to make adequate provision for investment in stocks. Nevertheless the pace of industrial advance will plainly be most impressive, if the plan is fulfilled.

The biggest changes are in policy towards the fuel and chemical industries. Coal output is to grow much more slowly than before. There is evidence of excessive stocks of certain types of coal, a state of affairs not unfamiliar in the West, and future expansion is to concentrate on coking-coal and on cheap open-cast workings in Siberia, which are to be used largely for thermal electric power stations. Big hydro-electric projects, expensive in materials and in time, are being slowed down or abandoned in favour of more thermal stations, some of them using natural gas. A very high rate of development is projected for

<sup>(1)</sup> Khrushchev, Report of plenum of the Central Committee, 15-19th December 1958, p. 62.

oil and natural gas, with a new network of pipelines. The output of the chemical industry is to be trebled : the production of plastics, synthetic fibres and mineral fertilisers is to rise fast.

The proportion of national income (on the Soviet definition) devoted to investment is to remain at about 25 per cent,<sup>(1)</sup> having stood at this level for many years : since Stalin's era the proportion of investment devoted to agriculture and housing has increased significantly but in total investment has not been held back to make way for consumption.

Table 31. State investment<sup>(a)</sup>

Billion roubles			
	Total 1952-8 actual	Total 1959-65 planned	Increase (per cent)
Oil and gas .. .. .	72.2	171.5	138
Coal .. .. .	61.2	76.5	25
Electricity .. .. .	75.1	127	69
Iron and steel .. .. .	40.8	100	145
Chemical industry .. .. .	19.9	102.5	415
Machinery .. .. .	65.5	118	80
Timber, paper, etc. .. .. .	25.3	59	133
Building and building materials	61.5	111	81
Agriculture <sup>(a)</sup> .. .. .	260	500	92
Light industry <sup>(b)</sup> .. .. .	40	82.5	106
Transport, post, etc. .. .. .	107.4	211.5	97
Housing and amenities .. .. .	214	378	77
Education, health, etc. .. .. .	46	81	76
All other .. .. .	156	186.5	20
Total <sup>(a)</sup> .. .. .	1,245	2,305	85

(a) Collective farm investments (but not investment by private persons) are included in the total and in the figures for agriculture. There is no comparable official figure for the total in 1952-8, and this has been estimated.

(b) Including food processing.

The planned pattern of investment is shown in table 31. The figure for housing in the table tends to understate the planned increase because there is to be a disproportionate increase in privately-financed house building which is omitted from the figures (except in so far as part of the increased investment in building materials is intended for the private housing sector). The speed-up in house building is more accurately expressed in the figures given in table 28, which show that the aim is roughly to treble

the rate of building in terms of area, compared with 1955 ; even these figures are incomplete, since they omit private house building by peasants, which is due to rise sharply too.

The plan provides for 655 million square metres of housing space (excluding peasant construction) to be completed in the seven years 1959-1965, which is said to represent 15 million apartments. This means an average size of 44 square metres (430 square feet) per apartment.<sup>(2)</sup> Small though such apartments are, they would provide substantially more space per person than is typically enjoyed now. The net effect will be to add 60 per cent to the housing space available in urban areas. Rather over half this increase in housing space will be taken up by the increase in the urban population, so that the amount of space available per head will rise by 30 per cent at most ;<sup>(3)</sup> this will only partially relieve the very serious overcrowding which is characteristic of Soviet towns.

The plan includes other provisions designed to improve living standards. Minimum wages and minimum pensions are to be increased in two instalments by as much as 80 per cent, while average wages and salaries are to rise by only 26 per cent, so that differentials will be significantly reduced. The reduction in working hours, begun in 1956, is being continued, and gradually extended industry by industry. The average actual working day in Soviet industry was 7.9 hours in 1957.<sup>(4)</sup> It is to be reduced to 7 hours, (41 hours a week) during 1960, with a 40-hour standard working week promised by 1962. Further cuts are promised later in the decade. The State Committee on Labour and Wages is currently engaged on a major reform of the wage system throughout the country. The average real income of workers and peasants (inclusive of free services) is planned to rise by 40 per cent per head in the seven years. Ambitious plans have been announced for improving retail distribution, restaurants and other service establishments.

Agriculture is the sector where it is hardest to feel any confidence in the fulfilment of the plan, some details of which are given in table 30. The plan calls for an annual rate of increase in gross farm output of no less than 8 per cent. From 1952 to 1958 the annual rate of increase claimed was 6 per cent, but 1958 was a year in which unusually favourable weather contributed to record harvests of grain and sugar-beet. Soviet harvests are very vulnerable to the weather since a large part of the grain is grown in areas with a high risk of drought. Because of less favourable weather

<sup>(1)</sup> This Soviet figure is not comparable with Western figures because (a) investment is measured net of depreciation, (b) the national income excludes unproductive services and (c) Soviet prices of investment goods are abnormally low relative to consumer goods prices (a gap that has widened in recent years). Although accurate adjustments cannot be made, it is clear that the Soviet rate of investment is high compared with that in Western countries and is likely to remain so. For a Soviet discussion of international comparisons see Y. A. Kronrod, *Obschchestvennyi Produkt i ego struktura pri sotsializme*, Moscow 1958, p. 471.

<sup>(2)</sup> In Britain, a standard local authority 1-bedroom flat is about 500 sq. ft.

<sup>(3)</sup> Academician Nemchinov, *Kommunist*, no. 1, 1959.

<sup>(4)</sup> SSSR *v tsifrakh*, p. 88.



the harvest has been substantially smaller in 1959. Eliminating the effects of climatic variations, the agricultural targets call for an even greater acceleration of the growth of agriculture than appears from the figures at first sight.

The rise in output since Stalin's death has been the result of improvements in agriculture starting from very primitive conditions. Before that, resources were misused, animals under-fed and labour grievously under-paid: there was great scope for higher output in response to the new policies. The question is whether the opportunities for improvements have now been exhausted to the point where progress will become harder. If yields per hectare, per animal and per worker are compared with those in other countries, there is no doubt that the scope for improvements is still great. But the acceleration of progress implied in the plan nevertheless appears to be very ambitious. Moreover one aspect of government policy may have an adverse effect on output: that is the tendency since 1958 to restrict the private sector in agriculture, which is still responsible for a higher proportion of the output of meat, dairy produce and vegetables than the public sector.<sup>(1)</sup> Peasants have been under administrative pressure to sell cows to the collective farms; the ownership of some types of livestock by private individuals in urban areas and on state farms has been prohibited; there is talk of reducing the area of private allotments. Apart from the direct effect on production of these restrictive measures, they may adversely effect peasant attitudes to their work on collective farms. There is thus considerable reason to doubt whether the agricultural plans—and hence the plans for higher consumption—will be fulfilled. But the plans are so ambitious that partial fulfilment could still imply a sizeable increase in agricultural output and food consumption.

With the one exception of agriculture, the economic plans for each sector taken in isolation seem reasonably realistic. The aggregate plans for industry are likely to be realised, or perhaps exceeded. Of course, difficulties are being, or will be, encountered in particular sectors. In any country at any time, rapid expansion is almost bound to lead to shortages in some sector where production lags behind. In the U.S.S.R. there is, for instance, a shortage of coking coal, and the extremely ambitious plan for the expansion of the chemical industry may be hard to fulfil. On balance, however, the supply of basic minerals and fuels appears adequate to sustain the proposed growth rates; indeed, some Western commentators are alarmed about the possible size of Soviet oil exports.

In 1959, plan fulfilment has been ahead of schedule,<sup>(2)</sup> and there are signs that the long-term plan may be amended upwards. Soon after its adoption, a campaign began in the Soviet press to fulfil the plan ahead of schedule. *Pravda* in May and June 1959 printed resolutions from a number of regions undertaking to achieve their 1965 target in 1964 or even in 1963, with expressions of approval from the Central Committee of the Party.<sup>(3)</sup>

Great emphasis was laid on achieving higher output with a given, or a reduced, volume of investment. This involves re-equipping existing factories rather than building new ones, and a greater concentration of investment in already-developed areas, where returns are likely to be greater than in new areas. All this represented a change in policy, and a change in the seven-year plan itself. The head of Gosplan, Kuzmin, was moved to a relatively junior post in May 1959 and replaced by Kosygin, a change that was probably connected with some unpublicised dispute about the carrying out of the seven-year plan. The campaign to fulfil the plan ahead of schedule culminated in a meeting of the plenum of the Central Committee of the Party at the end of June 1959, from which it was reasonable to expect some official pronouncement or general resolution on the subject. But no statement was made, and much less has been heard of the campaign since. It is probable that there was a difference of opinion between those who habitually plan for maximum pressure and those who have been urging flexibility and adequate reserves. It may be significant that the annual plan for 1960 provides for an increase in industrial output of 8 per cent, although 12 per cent is being claimed for 1959. Meanwhile, the drive to achieve maximum 'effectiveness' of investment continues, and Soviet economists, as noted later, have been devoting much time and effort to devising adequate criteria of choice between alternative investments.

One possible problem affecting the plan as a whole is the supply of labour. The plan provides for an increase in the state-employed labour force from 54.6 million in 1958 to 66.5 million in 1965. However, the rate of natural increase in the working population will be much below normal in these years, because of the low birth and survival rates in the years 1942-1947. Precise statistics are lacking, but school attendance figures have been published which suggest that there will be only a small net increase: possibly 5 or 6 million of the extra 12 million will have to be transferred from non-state employment (which means principally collective farming), or found from other sources. The employment of married women is

<sup>(1)</sup> As recently as 1958 there were more cows in private hands than on collective and state farms.

<sup>(2)</sup> The increase in industrial output claimed for the first nine months was 12 per cent.

<sup>(3)</sup> See, for example, *Pravda*, 11th and 18th June 1959.

already extensive and the employment of juveniles, though likely to rise as a result of the school reforms, cannot contribute very much.

Undoubtedly there will be opportunities to move labour out of agriculture, especially if a more balanced mechanisation is achieved; but the plan, which provides for a doubling of productivity on collective farms, seems inordinately ambitious. However, even assuming that all this labour will be forthcoming, the productivity plans for non-farming occupations are also very ambitious. For example, according to Kucherenko, the head of the State Committee on Construction, the 1965 target involves a 60 per cent increase in the volume of building without any increase in the labour force of 5 million, despite a cut in hours.<sup>(1)</sup> The plan for industry, according to Strumilin, calls for an 80 per cent rise in productivity per hour.<sup>(2)</sup> This estimate seems rather too high. Nevertheless it appears that almost all the increase in industrial output is to come from higher hourly productivity, the larger labour force roughly offsetting the reduction in hours.

In past plans, short-falls in productivity per head have tended to be offset by a transfer of peasants to industry greater than was planned. But that is now more difficult. The plan already provides for a substantial reduction in the number of peasants. Probably the most important reserve lies in working hours. Indeed one of the surprising features of the plan is that the Government should have committed itself so firmly to reduce working hours sharply to a level lower than that prevailing in richer Western countries. This would appear to imply great confidence in their ability to raise productivity. The reduction in hours is being brought into force; but there must still be considerable scope for stepping-up output, if need be, by increasing over-time as the standard week is reduced—a move that would not necessarily be unpopular with the workers.

### The debate on efficiency

The introduction of the plan, with its heavy reliance on higher productivity, has been accompanied by a debate on ways of increasing efficiency and on the theoretical problems of allocating resources to the best advantage. This is perhaps a natural corollary of the economic progress made in the U.S.S.R. There is now a smaller—though still considerable—reserve of labour in agriculture and with a more advanced industrial structure economic choices and the problems of allocation have become more complex. On the practical level, planners have been urged

by the Party leaders to eliminate waste arising from inadequate mechanisation and from the use of obsolete machinery, and new methods of measuring productivity and allowing for depreciation have been introduced. On the theoretical and political level, the use of a 'capital charge' (or rate of interest) and the greater use of the price mechanism have been proposed by economists<sup>(3)</sup>. The introduction of regional planning has helped to provoke fresh thinking about these problems. The authorities have had to take steps to prevent planning becoming autarkic in each region; and the procedures for allocating materials and for settling disagreements about deliveries between the 103 regions are cumbersome. Greater reliance on the price mechanism is a natural way of trying to overcome these difficulties and the Government is undoubtedly giving serious attention to the problem. Thus there now exists a 'Commission of the Presidium of the Council of Ministers on questions of prices'. However, no radical proposals for the reform of the price and allocation system have yet emerged, and despite the open discussion of the problem amongst economists, political ideology must still be an obstacle to any changes that imply reliance on the profit motive. Moreover the fact that progress this year is claimed to be faster than was planned and that Khrushchev has a personal predilection for economic campaigns led and organised by the Party, may militate against change.

### Catching up with the West

In numerous declarations, the Soviet leaders have stated that fulfilment of the plan would represent a major step forward in 'overtaking America': by 1965, Soviet industrial output would be as big as that of the United States in 1958 and, a few years later Soviet industry would overtake American industry.

The Soviet rate of growth of production is not much greater than that achieved for considerable periods by some non-Soviet countries. But it is very much greater than the rate achieved by the United States or Britain (chart 10). It is impossible to predict the exact moment at which the U.S.S.R. will 'catch up' with the United States, Britain or other countries. The Soviet claim that in 1965 they will reach the United States 1958 level of output is based on an estimate that Soviet industrial production in 1958 was

<sup>(1)</sup> *Pravda*, 27th June 1959.

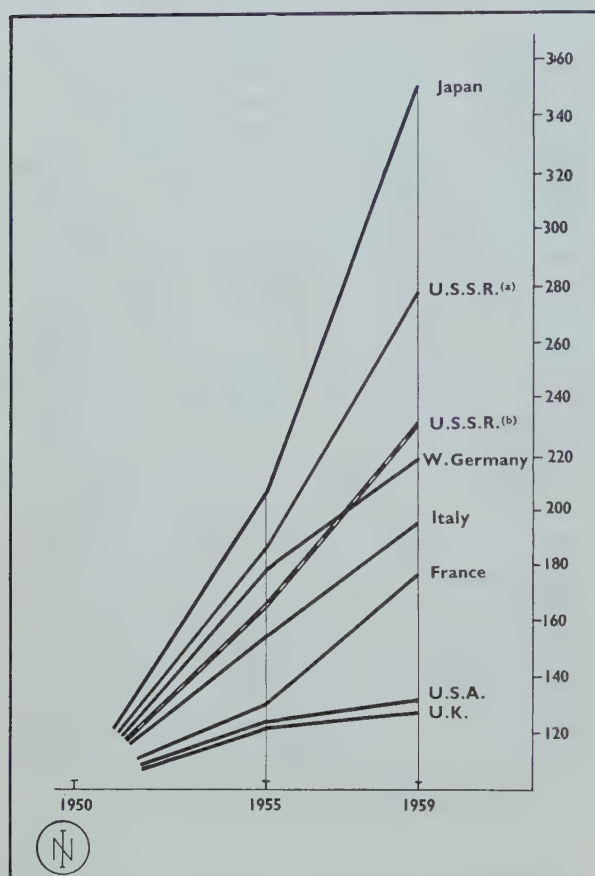
<sup>(2)</sup> Letter to *The Times*, 31st December 1958.

<sup>(3)</sup> One symptom of the growing interest in these problems is the attention now paid to Western techniques of input-output analysis and linear programming. For instance, *Studies in the Structure of the American Economy* by W. Leontief and others (Oxford University Press, New York, 1953) has recently appeared in a Russian translation, and numerous articles on the use of mathematics in the solution of economic problems have been published in the specialist press.



**Chart 10. The rise in industrial production in the U.S.S.R. and certain other countries**

Index numbers, 1950 = 100



Sources: Appendix table 16 and national figures. For countries other than the U.S.S.R., the 1959 figures are for the middle of the year.

(a) Official estimates. The 1959 figure is based on the plan fulfilment so far announced.

(b) Author's estimate based on calculations of Seton, Jasny and Shimkin, *op. cit.*, footnote (2) on page 37.

53-55 per cent of that of the United States. Comparisons of this sort can never be perfect especially when the pattern of output differs greatly. But indirect evidence suggests that this estimate is based on a very small sample of commodities, and estimates by Western experts, though limited by lack of data, support a considerably lower figure (table 32).

The claim that the Soviet Union can overtake American living standards by 1970 appears to be far more extravagant. The Soviet Union may catch up, or go far towards it, in providing certain industrial goods for mass consumption, such as cloth, shoes and sewing machines. But even if the agricultural plans are by then successful—which is by no means certain—there is a wide range of goods and services, including housing, roads and other amenities, in which the Soviet Union is so far behind that talk of catching up is certainly premature. But the existence of exaggerated Soviet claims is no excuse for disregarding the real relative increase in Soviet power.

### Foreign trade

The growth of the Soviet economy will probably not be accompanied by a spectacular expansion in its foreign trade with the West. Soviet foreign trade has grown rapidly in recent years (table 33). In 1957 it was 2.4 times greater in volume than in 1950. But in 1950 Soviet foreign trade was small, and, in relation to its size, the Soviet economy is still highly autarkic. Exports appear to be equal to roughly 2 per cent of the national income on the Western definition. Using trade per head as a measure, the U.S.S.R. relies less on foreign trade than any Soviet bloc country except China (chart 11).

**Table 32. Production of selected commodities in the U.S.A. and U.S.S.R.**

		Unit <sup>(a)</sup>	U.S.A.		U.S.S.R.			
			1950	1958	1950	1958	1965 target	1972 target
Coal and lignite <sup>(b)</sup>	.. ..	m. tons	548	470 <sup>(c)</sup>	261	496	606	700
Oil .. ..	.. ..	m. tons	266	352 <sup>(c)</sup>	38 <sup>(d)</sup>	113 <sup>(d)</sup>	235 <sup>(d)</sup>	375 <sup>(d)</sup>
Natural gas .. ..	.. ..	bn. cubic metres	178	302	6	30	150	235
Electricity .. ..	.. ..	bn. kwh.	389	724	91 <sup>(e)</sup>	233 <sup>(e)</sup>	510 <sup>(e)</sup>	850 <sup>(e)</sup>
Iron ore .. ..	.. ..	m. tons	100	108 <sup>(c)</sup>	40	89	155	275
Pig iron .. ..	.. ..	m. tons	59	71 <sup>(c)</sup>	19	40	68	80
Steel .. ..	.. ..	m. tons	88	102 <sup>(c)</sup>	27	55	89	110
Cement .. ..	.. ..	m. tons	39	56	10	33	78	100
Cars and lorries .. ..	.. ..	'000	8,003	7,221 <sup>(c)</sup>	363	511	800	..
Wool fabrics .. ..	.. ..	m. metres <sup>(f)</sup>	591	342	155 <sup>(f)</sup>	303 <sup>(f)</sup>	500 <sup>(f)</sup>	600 <sup>(f)</sup>

(a) All tonnage figures are metric.

(b) Hard coal and lignite, ton for ton. In terms of hard coal, the Soviet figure for 1958 was 425 m. tons.

(c) 1957. The 1958 figure was lower because of the recession.

(d) The Soviet figure for oil omits gas oil, which is included in the American figures.

(e) The Soviet figures include, and the American figures exclude, current used at power stations. Excluding this, the Soviet figure for 1958 is 219 billion kwh.

(f) The American figures are in square metres. Soviet cloth is generally narrower than American cloth.

Table 33. Volume of foreign trade

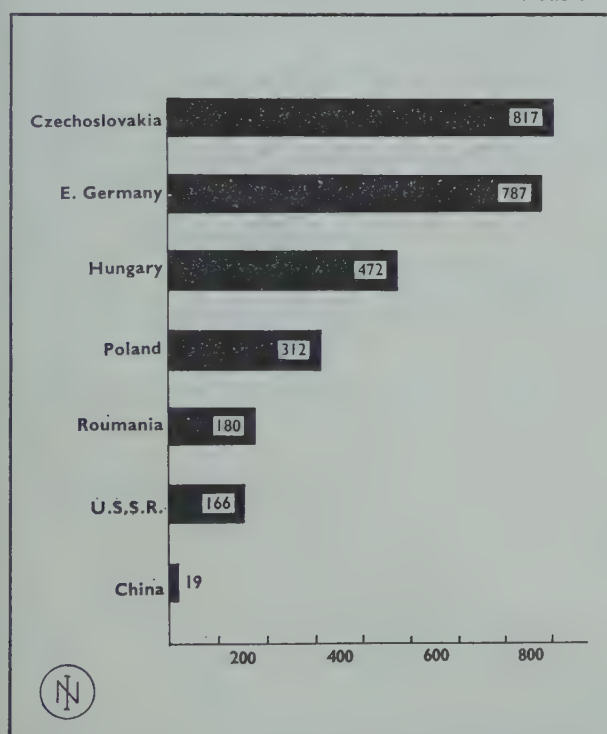
Index numbers, 1955 = 100

	1950	1955	1956	1957	1958
Exports ..	56.7	100	105.9	126.6	130.0
Imports ..	54.6	100	115.9	124.1	148.4

Source : *Vneshnaya Torgovlya SSSR*, Nos. 4 and 8, 1958.

Three-quarters of Soviet trade is at present with countries of the Soviet bloc. Since 1956, there has been a marked increase in joint long-term planning with the Communist countries of Europe, involving long-term trade agreements tied in with a joint investment programme. For example, the U.S.S.R. is building oil pipe-lines from the Volga-Urals oilfields into Poland, East Germany and Czechoslovakia, and has undertaken to provide these countries with increased quantities of iron ore, while relying on them for a wide range of machinery and equipment. But

Chart 11. Foreign trade per head

Roubles<sup>(a)</sup>

Source : Bogomolov, *Mirovaya Ekonomika i Mezhdunarodnye Otnosheniya*, no. 4, 1959, p. 31.

(a) Foreign trade roubles : 4 roubles = \$1.

trade with the West does not generally permit of long-term planning of this sort. Outside a range of 'traditional' exports (timber, furs) there is little sign of any systematic planning of export surpluses, and one of the difficulties of forecasting future trends arises from the unpredictable nature of the planning decisions which govern the Soviet desire to buy and their export availabilities. Thus the 1957 decision to expand the chemical industry rapidly led to a very substantial demand for imports of chemical machinery from Western countries ; increasing internal requirements for a range of materials and equipment from the West are running up against the limitation of Soviet ability to pay. This explains Soviet efforts to sell in the West whatever can currently be spared (for example, aluminium, tin, wheat, and some gold), and the desire for credits.

While the immediate limit on trade is shortage of foreign exchange, arising either from lack of exportable surpluses or from the refusal of Western countries to take some of the things the U.S.S.R. can sell to them, the more enduring limit is the habit of autarky. In part this stems from political and strategic fears, which an improvement in international relations might reduce. But that is probably less important than the understandable tendency of the Soviet planners to confine their plans as far as possible to areas within their own control and to avoid the unplanned vagaries of the world market. As noted earlier, even the new regional authorities in the U.S.S.R. have shown a tendency to be autarkic.

Nevertheless even in the absence of any radical change in planning, trade with the West will probably grow. As the Soviet economy grows, the range of products which it can offer and the chances of it having surpluses for disposal will increase.

The extent of Soviet trade with under-developed countries and aid to them has often been exaggerated.<sup>(1)</sup> The rapid rise in Soviet production means that increasing resources could, in principle, be made available for this purpose. But what happens will depend above all on political considerations. At present there is no sign of a change in the policy of giving top priority to the growth of the U.S.S.R. and its allies. The build-up of Soviet economic strength seems to the Soviet leaders to be a key element in 'competitive co-existence', and it evidently plays an important role in their thinking on economic policy.

<sup>(1)</sup> See A. Nove, 'Soviet Trade and Soviet Aid', *Lloyds Bank Review*, January 1959.





# STATISTICAL APPENDIX

## *The Home Economy*

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## *Foreign Trade*

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### *Symbols and conventions used*

.. = not available.

— = nil or less than half the final digit shown.

billion = thousand millions.

Items may not always add to totals, because of rounding.

A horizontal bar across a column indicates a discontinuity in the series.

*Italics* are used where NIESR has added estimates to figures published elsewhere—for instance, when an estimated later figure is added.



Table 1. Gross domestic product

Seasonally adjusted

	Final expenditure at market prices						Less Imports of goods and services (c)	Less Adjustment to factor cost (d)	Statistical discrepancy	Gross domestic product at factor cost	Output				
	Consumers' expenditure (a)	Public authorities' current spending	Gross fixed investment (b)	Value of physical stock change	Exports of goods and services	Total final expenditure					Gross domestic product	Industrial production (e)	Agriculture, etc.	Transport, communication	Distribution, other services
	£ million, 1954 prices, quarterly averages										Index numbers, 1954 = 100				
1948	2,677	592	467	+ 59	656	4,451	738	449	+ 28	3,292	84	79.0	85	86	91
1949	2,735	638	508	+ 9	736	4,626	791	455	+ 46	3,426	87	83.6	91	89	92
1950	2,813	637	533	- 60	842	4,765	802	465	+ 69	3,567	91	88.3	92	91	95
1951	2,772	690	534	+141	854	4,991	898	485	+ 46	3,654	93	91.3	94	95	95
1952	2,756	764	536	+ 10	847	4,913	821	469	- 5	3,618	92	89.2	97	96	94
1953	2,869	788	593	+ 33	837	5,120	868	490	- 2	3,760	96	94.3	99	98	97
1954	3,006	785	644	+ 13	899	5,347	903	515	—	3,929	100	100.0	100	100	100
1955	3,111	766	677	+ 79	955	5,588	996	535	+ 25	4,082	104	105.1	98	103	102
1956	3,137	765	710	+ 66	1,010	5,688	1,023	536	- 24	4,105	105	105.6	104	103	102
1957	3,201	738	741	+ 75	1,027	5,782	1,048	543	- 15	4,176	106	107.4	109	103	104
1958	3,274	738	743	+ 13	991	5,759	1,053	563	+ 33	4,176	106	106.2	108	102	105
1957 I	3,171	740	730	+115	1,031	5,787	1,056	541	- 26	4,164	106	107	108	102	104
II	3,213	751	736	+ 75	1,029	5,804	1,014	534	- 72	4,184	107	108	108	104	104
III	3,199	737	747	+ 95	1,026	5,804	1,090	547	+ 29	4,196	107	108	109	103	104
IV	3,218	724	749	+ 15	1,023	5,729	1,030	548	+ 13	4,164	106	107	109	103	104
1958 I	3,259	736	750	- 20	988	5,713	1,027	555	+ 49	4,180	106	107	109	101	104
II	3,262	743	740	- 30	965	5,680	1,020	560	+ 60	4,160	106	106	109	102	104
III	3,254	740	743	+ 75	1,019	5,831	1,094	572	- 13	4,152	106	105	108	102	105
IV	3,320	734	740	+ 25	992	5,811	1,072	563	+ 35	4,211	107	106	108	103	106
1959 I	3,313	738	755	- 35	946	5,717	1,070	574	+150	4,223	108	108	108	104	106
II	3,423	768	768	+ 75	1,017	6,051	1,112	586	- 28	4,325	110	110	108	106	108
III	3,362				1,015		1,130			4,360	111	113	108	104	108

See page 61, for changes to this table. (a) For details see table 6. (b) For details see table 7. (c) Not seasonally adjusted. (d) Net indirect taxes at 1954 rates. (e) For details see table 2.

Table 2. Production and employment in industry

Index numbers, 1954 = 100, seasonally adjusted

	Production							Employment <sup>(b)</sup>							Output per person employed in industry
	Total industrial production	Building, contracting	Mining, public utilities	Total manufacturing	Metals, metal using	Textiles, leather, clothing	Other manufacturing	Total industrial production	Building, contracting	Mining, public utilities	Total manufacturing	Metals, metal using	Textiles, leather, clothing	Other manufacturing	
Weight <sup>(a)</sup>	1,000	120	120	760	374	114	272	11.38	1.31	1.24	8.83	4.31	1.70	2.82	
1948	79.0	86.7	82.1	77.3	75.6	87.3	75.4	91.8(c)	98.2(c)	96.3(c)	90.2(c)	90.2(c)	94.3(c)	87.8(c)	86
1949	83.6	90.7	85.8	82.2	80.0	94.2	80.1	93.3	98.3	97.3	92.0	90.0	98.6	91.1	90
1950	88.3	90.8	89.0	87.8	85.1	100.9	86.1	95.3	98.4	97.1	94.6	91.8	102.1	94.3	93
1951	91.3	87.3	93.0	91.6	90.3	99.9	90.3	97.3	98.9	98.0	97.0	94.5	102.9	97.4	94
1952	89.2	90.0	94.8	88.2	91.3	85.3	85.2	96.9	97.8	100.3	96.2	96.9	94.9	96.1	92
1953	94.3	96.3	96.3	93.7	93.4	98.4	92.1	97.9	98.6	100.5	97.4	97.1	99.1	96.9	96
1954	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100
1955	105.1	100.3	101.6	106.4	109.6	99.4	105.1	102.2	102.0	99.9	102.6	104.6	97.2	102.7	103
1956	105.6	105.8	103.6	105.9	108.3	98.9	105.6	102.9	105.0	99.6	103.1	105.9	95.9	103.1	103
1957	107.4	105.5	103.8	108.3	111.4	98.8	107.9	103.0	104.3	100.5	103.1	106.0	95.2	103.4	104
1958	106.2	105.0	103.3	106.9	110.3	91.2	108.4	101.4	102.3	99.3	101.6	105.4	89.8	103.1	105
1957 I	107	108	103	107	109	100	108	102.8	105.6	100.5	102.7	105.1	95.8	103.1	104
II	108	107	104	108	111	100	108	102.9	104.3	100.5	103.0	105.6	95.9	103.2	105
III	108	103	103	110	114	99	108	103.2	104.1	100.4	103.4	106.6	95.2	103.6	105
IV	107	105	104	108	112	94	107	102.9	103.4	100.5	103.2	106.8	93.7	103.5	104
1958 I	107	105	104	108	112	94	108	102.3	102.4	100.4	102.6	106.4	92.1	103.1	105
II	106	104	103	106	110	90	109	101.7	101.6	99.4	102.0	105.9	90.4	103.1	104
III	105	105	101	106	109	90	108	101.2	102.3	98.7	101.4	105.1	88.8	103.3	104
IV	106	107	104	107	109	92	110	100.5	102.7	98.5	100.5	104.1	87.8	102.7	106
1959 I	108	110	103	108	108	92	113	100.1	101.6	98.0	100.2	103.8	87.2	102.4	108
II	110	108	103	112	115	96	116	100.6	102.7	96.9	100.8	104.5	87.7	103.1	109
III	113							101.4	102.8	95.8	102.0	105.8	88.7	104.3	111
April	110	106	104	112	115	95	115	100.3	102.2	97.4	100.5	104.2	87.4	102.6	110
May	110	109	102	112	115	95	117	100.5	102.9	96.9	100.7	104.3	87.6	102.9	109
June	111	109	104	113	117	98	117	101.0	102.8	96.4	101.3	104.9	88.2	103.8	110
July	112	110	103	114	117	101	117	101.1	102.2	96.1	101.6	105.3	88.6	103.8	111
August	113	111	104	115	118	100	117	101.5	103.3	95.8	102.0	105.7	88.8	104.3	111
Sept.	112-3							101.7	103.0	95.4	102.4	106.3	88.7	104.7	111

(a) For employment, numbers in millions in 1954.

(b) For employment in services, etc., see table 3.

(c) End-June, seasonally adjusted.

Table 3. The labour market

Seasonally adjusted

	Employment					Demand for labour			Unemployment by industry						Net over-time per head in manufacturing (b)
	Total civil employ-ees	Agri-culture etc.	Trans-port, com-munica-tions	Distri-bution	Other services	Unem-employment	Unfilled vacancies	Excess demand (a)	Metals, metal using	Textiles, leather, clothing	Other manu-factur-ing	Build-ing, con-tract-ing	Mining, public utilities	Trans-port, other ser-vices	
	Index numbers, 1954 = 100					Percentage of total employees									
1948	94.4(c)	113.7(c)	103.6(c)	88.0(c)	97.3(c)	1.50	2.30	0.68	1.54	0.87	1.35	2.64	0.41	1.62	..
1949	95.1	109.4	103.5	90.9	96.3	1.52	1.95	0.42	1.34	0.79	1.26	2.90	0.38	1.72	..
1950	96.5	111.0	103.1	91.8	97.0	1.53	1.77	0.27	1.18	0.84	1.28	2.83	0.41	1.80	..
1951	97.5	106.4	102.2	93.1	97.0	1.19	2.01	0.69	0.83	1.13	0.99	2.05	0.33	1.46	..
1952	97.4	104.0	102.0	94.4	97.3	1.99	1.34	-0.27	1.17	6.01	1.71	2.83	0.38	1.86	1.0
1953	98.0	101.1	100.7	96.6	97.6	1.64	1.33	-0.04	1.33	1.35	1.50	2.86	0.41	1.86	1.8
1954	100.0	100.0	100.0	100.0	100.0	1.34	1.56	0.29	0.92	1.05	1.18	2.50	0.36	1.58	2.0
1955	101.3	97.8	99.3	103.0	99.8	1.08	1.91	0.73	0.63	1.34	0.98	1.76	0.27	1.27	2.1
1956	102.1	91.6	99.5	105.7	100.8	1.19	1.66	0.46	0.94	1.23	1.08	2.01	0.29	1.30	1.9
1957	102.5	91.2	99.9	108.3	101.2	1.43	1.27	0.01	1.07	1.12	1.25	2.83	0.40	1.60	1.9
1958	101.7	89.5	98.6	108.4	102.1	2.10	0.90	-0.67	1.76	3.15	1.71	4.00	0.65	2.09	1.4
1957 I	102.3	93.4	100.1	107.5	101.0	1.51	1.26	-0.06	1.42	1.17	1.57	2.86	0.42	1.61	1.8
II	102.5	91.9	100.0	108.3	101.3	1.45	1.23	-0.04	1.13	1.16	1.27	2.93	0.39	1.65	2.0
III	102.6	90.2	99.6	108.6	101.2	1.37	1.31	0.10	0.81	1.00	1.03	2.71	0.38	1.59	2.0
IV	102.5	89.4	99.7	108.7	101.3	1.40	1.27	0.03	0.93	1.17	1.14	2.82	0.41	1.57	2.0
1958 I	102.1	88.3	99.4	108.1	101.5	1.71	1.09	-0.30	1.36	2.05	1.63	3.49	0.58	1.78	1.7
II	101.8	88.2	98.9	108.2	102.0	2.07	0.86	-0.68	1.72	3.46	1.71	3.91	0.63	2.05	1.2
III	101.7	89.8	98.2	108.6	102.4	2.22	0.80	-0.77	1.77	3.62	1.61	3.94	0.66	2.22	1.2
IV	101.3	91.9	98.0	108.8	102.3	2.40	0.85	-0.92	2.19	3.47	1.90	4.65	0.75	2.30	1.5
1959 I	100.9	87.4	97.5	108.6	102.2	2.51	0.85	-1.03	2.20	3.26	2.25	5.93	0.95	2.39	1.5
II	101.2	87.2	97.0	108.7	102.5	2.22	0.89	-0.76	1.96	2.36	1.84	4.49	0.95	2.29	1.8
III	101.8	87.6	96.4	109.3	103.0	2.06	1.11	-0.41	1.35	1.58	1.48	4.33	0.92	2.30	2.0
June	101.5	87.7	96.9	109.2	102.5	2.08	0.96	-0.57	1.69	1.87	1.53	4.38	0.93	2.23	
July	101.6	87.1	96.6	109.2	102.9	2.10	1.07	-0.45	1.42	1.62	1.58	4.37	0.94	2.25	
August	101.8	86.4	96.4	109.2	103.1	2.07	1.09	-0.44	1.35	1.61	1.47	4.35	0.92	2.39	
Sept.	102.0	89.4	96.2	109.5	103.0	2.00	1.16	-0.36	1.29	1.51	1.41	4.26	0.90	2.26	
October						1.98	1.19	-0.32	1.29	1.46	1.40	4.33	0.96	2.16	

(a) NIESR index based on unemployment and vacancies. (b) Not seasonally adjusted. (c) End-June, seasonally adjusted.

Table 4. Prices

Index numbers, 1954 = 100

	Capital goods				Export prices	Retail prices	Consumer goods and services								Total final prices
	All assets	Plant, vehicles, etc.	Dwell-ings	Other build-ing			Total	Food	Drink, tobacco	Housing (inc. rent and rates)	Durable goods	Clothing	All other goods	Services	
1948	78	76	79	81	78	75.7	79.6	67.3	99.2	79.4	84.9	82.2	82.9	79.6	78.1
1949	79	78	80	81	81	77.8	81.2	70.7	98.1	80.9	83.6	85.6	83.6	81.3	80.2
1950	81	81	81	81	85	79.9	83.3	74.6	97.0	83.1	87.0	86.6	85.7	83.8	82.7
1951	90	87	94	91	100	87.6	91.1	83.2	98.3	88.4	99.1	100.4	95.2	90.2	92.7
1952	99	97	104	100	105	95.3	96.5	92.5	99.6	92.5	105.9	100.1	100.4	95.3	98.3
1953	100	100	101	100	101	98.3	98.2	96.2	99.8	97.3	102.2	99.2	99.3	97.9	98.7
1954	100	100	100	100	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1955	105	104	106	106	102	104.5	103.4	105.9	100.5	103.5	101.4	100.6	103.1	104.0	103.5
1956	111	110	112	111	106	109.7	107.9	109.8	103.9	107.8	108.5	102.5	109.3	110.0	108.8
1957	115	115	113	116	111	113.8	111.0	112.3	106.3	114.9	110.4	104.1	113.0	113.7	112.8
1958	119	120	115	119	110	117.2	114.0	114.1	108.4	128.3	110.2	104.9	114.5	119.0	115.2
1957 I	112	112	112	113	110	112.1	109.4	110.1	105.0	110.2	110.2	103.2	112.1	112.5	111.1
II	114	114	112	114	110	112.9	110.6	112.7	105.9	113.3	110.8	103.8	111.7	112.6	112.5
III	116	117	114	117	112	114.4	111.6	113.8	106.2	114.7	110.8	104.5	112.6	114.1	113.3
IV	118	118	115	118	111	115.8	112.3	112.6	107.9	121.4	110.0	104.9	115.2	115.6	114.4
1958 I	118	119	114	118	110	116.2	113.5	112.7	108.0	124.2	111.8	105.3	115.8	118.3	114.7
II	119	120	114	119	110	117.9	114.5	115.7	109.3	127.3	110.7	105.4	114.1	118.4	115.8
III	119	120	116	121	110	116.6	113.6	112.6	108.1	130.1	109.6	104.5	113.5	119.3	114.9
IV	118	119	114	119	109	118.1	114.3	115.5	107.8	131.5	109.7	104.5	114.4	120.0	115.4
1959 I	117	119	112	117	109	118.6	115.2	115.8	108.2	134.4	110.9	104.5	114.9	119.2	116.2
II	117	119	112	117	109	117.5	114.1	115.8	105.7	133.9	108.1	104.2	113.4	119.5	115.5
III					108	117.2									
June					109	117.5	114.1	115.8	105.7	134.6	108.1	104.3	112.5	119.7	
July					108	117.2	113.8	114.8	105.8	135.0	107.9	104.2	112.7	119.9	
August					108	117.5	114.1	115.5	105.8	135.0	107.9	104.3	112.9	120.0	
Sept.					109	116.9	113.5	113.4	106.0	135.2	107.9	104.6	113.1	120.1	
October					109	117.4	114.0								



Table 5. Wages, profits, and other costs

Index numbers, 1954 = 100

	Weekly wage rates	Wage rates by industry							Income from employment (a)		Profits of companies and public corporations	All property income		Import prices	Materials used in manufacturing industry
		Metals, metal-using	Textiles, leather, clothing	Other manufacturing	Mining, public utilities	Building, contracting	Agriculture, forestry, fishing	Services	Total	Per unit of output		Total	Per unit of output		
1948	74.6	73.5	74.3	73.0	74.3	72.8	75.1	75.6	66.0	78.8	65.4	70.2	83.8	73	..
1949	76.7	76.0	77.6	75.5	74.9	74.7	77.8	77.3	70.4	80.7	68.4	73.2	83.9	74	..
1950	78.1	76.9	79.3	77.2	76.1	76.6	79.0	78.9	74.1	81.6	79.4	81.5	89.8	85	..
1951	84.6	83.5	86.0	84.1	83.5	83.0	84.5	84.9	82.5	88.7	93.7	90.1	96.9	113	..
1952	91.6	91.5	91.6	92.6	92.2	90.5	91.7	91.4	88.9	96.5	84.0	85.3	92.6	111	..
1953	95.8	95.8	96.0	96.6	95.6	95.4	95.9	95.6	93.7	97.9	89.9	91.3	95.4	101	..
1954	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100	100.0
1955	106.9	106.8	104.9	106.1	107.7	106.2	105.6	106.2	109.3	105.2	109.8	107.3	103.3	103	103.0
1956	115.4	115.5	112.0	114.8	118.3	114.2	113.8	114.2	119.2	114.1	113.3	111.7	106.9	105	106.7
1957	121.2	121.1	117.9	120.6	124.3	120.5	119.1	120.0	126.0	118.5	118.5	117.0	110.1	107	107.4
1958	125.4	125.4	122.3	125.6	127.4	125.5	126.4	124.6	130.8	123.0	114.1	118.9	111.9	99	100.8
1957 I	117.8	117.6	115.9	117.4	120.8	117.7	117.4	116.9	122.9	115.9	112.7	112.2	105.8	110	111.8
1957 II	121.0	119.7	116.9	120.0	125.2	119.8	118.1	119.1	125.5	117.8	119.7	116.5	109.4	110	109.6
1957 III	122.7	122.9	118.9	122.0	125.5	122.3	118.1	121.5	127.7	119.6	118.9	116.7	109.3	106	106.3
1957 IV	123.3	124.0	119.8	122.9	125.6	122.3	122.8	122.5	128.0	120.8	122.7	122.5	115.6	102	101.9
1958 I	123.9	124.3	120.7	124.0	125.8	123.7	125.6	123.1	129.6	121.8	107.0	113.8	107.0	99	100.0
1958 II	124.3	124.4	122.1	124.5	126.1	124.5	125.6	123.4	130.4	123.1	115.2	119.0	112.4	99	101.0
1958 III	125.6	124.9	122.9	126.0	126.7	126.8	125.6	125.4	131.0	123.9	111.9	117.4	111.1	98	100.9
1958 IV	127.7	127.9	123.5	127.8	130.9	127.0	128.6	126.6	132.3	123.4	122.1	125.4	117.0	99	101.1
1959 I	128.2	128.7	124.1	128.0	130.9	128.4	130.6	127.2	133.1	123.8	110.3	118.4	110.1	98	101.4
1959 II	128.5	129.0	124.5	128.5	131.0	129.1	130.6	127.6	135.2	122.6	130.1	130.0	117.9	97	101.2
1959 III	128.8	129.0	125.0	129.5	131.0	129.1	130.6	128.1	136.4	122.9				98	101.6
May	128.5	129.0	124.6	128.5	131.0	129.1	130.6	127.6						97	101.4
June	128.5	129.0	124.7	128.7	131.0	129.1	130.6	127.6						97	100.9
July	128.7	129.0	124.6	128.9	131.0	129.1	130.6	127.8						97	100.9
August	128.9	129.1	124.6	129.8	131.0	129.1	130.6	128.2						98	101.9
Sept.	128.9	129.0	125.9	129.8	131.0	129.1	130.6	128.2						98	102.0
October														99	102.4

(a) Seasonally adjusted, except for 'wage-round' effect.

Table 6. Personal income and expenditure

£ million, quarterly averages, seasonally adjusted

	Dispos- able income (a)	Total personal savings	Con- sumers' expend- iture	Consumers' expenditure											
				Total	Food	Alco- holic drinks	Tobacco	Housing (inc. rent and rates)	Fuel, light	Cloth- ing	Durable goods			All other goods	Services
											Cars, motor cycles(b)	Furni- ture, etc.	Radio, electric, etc.		
at current prices				at 1954 prices											
1948	2,158	28	2,130	2,677	835	201	200	235	109	274	13	56	36	238	482
1949	2,277	57	2,220	2,735	866	194	194	234	108	296	16	68	40	260	459
1950	2,395	51	2,344	2,813	905	198	196	238	113	307	17	77	45	271	446
1951	2,594	67	2,527	2,772	887	204	202	239	117	276	16	74	50	262	445
1952	2,821	162	2,659	2,756	878	202	206	244	115	271	23	67	46	262	442
1953	3,001	185	2,816	2,869	911	205	209	252	117	275	40	77	57	284	442
1954	3,160	154	3,006	3,006	945	204	214	263	122	293	55	87	69	306	448
1955	3,439	223	3,216	3,111	969	215	219	257	124	315	74	90	73	327	448
1956	3,693	307	3,386	3,137	991	218	222	261	129	327	57	86	66	335	446
1957	3,891	338	3,553	3,201	1,006	223	228	263	127	332	63	92	73	347	447
1958	4,076	345	3,731	3,274	1,023	223	232	268	137	330	84	97	79	364	437
1957 I	3,793	331	3,463	3,171	1,003	222	227	263	126	329	44	91	76	340	450
1957 II	3,860	309	3,552	3,213	1,000	224	231	263	126	330	79	94	74	345	447
1957 III	3,925	355	3,570	3,199	1,006	221	226	264	124	334	71	90	74	350	439
1957 IV	3,991	366	3,625	3,218	1,016	226	229	264	131	334	57	91	69	352	450
1958 I	4,030	338	3,692	3,259	1,020	226	229	267	141	326	84	93	76	363	434
1958 II	4,059	327	3,732	3,262	1,016	220	235	267	142	322	97	94	78	358	433
1958 III	4,078	388	3,690	3,254	1,026	219	233	268	128	328	76	92	76	368	440
1958 IV	4,136	326	3,810	3,320	1,031	226	233	269	136	342	77	109	87	368	443
1959 I	4,177	377	3,800	3,313	1,022	219	228	269	147	334	91	102	89	382	430
1959 II	4,284	387	3,897	3,423	1,043	232	241	269	133	347	122	113	105	384	434
1959 III	4,320	490	3,830	3,362	1,036	235	240	270	126	340	86	105	99	384	441

See page 61 for changes for this table. (a) Seasonally adjusted, except for 'wage-round' effect. (b) Unadjusted.

Table 7. Fixed investment

£ million, 1954 prices, quarterly averages, seasonally adjusted

x million, 1954 prices, quarterly averages, seasonally adjusted														
	Total	Dwellings		Industries and services										
		Public	Private	Total	By type of asset			By industry group					By sector	
					Plant, machinery	Vehicles, ships, aircraft	Buildings, works	Fuel, power	Public, social services	Transport, communications	Manufacturing	Other industries, services	Public	Private
1948	454	92	14	348	166	91	91	53	29	44	107	115	106	242
1949	495	87	17	391	181	97	113	65	35	50	121	120	139	252
1950	520	86	16	418	202	87	129	70	41	47	140	120	153	265
1951	521	84	16	421	218	78	125	70	45	43	148	115	174	247
1952	526	95	24	407	206	70	131	72	44	40	142	109	186	221
1953	585	114	42	429	209	82	138	81	46	44	137	121	203	226
1954	635	105	56	474	232	90	152	96	48	47	145	138	211	263
1955	667	84	60	523	250	104	169	102	49	50	161	161	216	306
1956	700	77	63	560	256	110	194	97	56	57	183	167	227	333
1957	731	72	63	596	275	116	206	100	61	67	192	176	243	353
1958	734	60	67	607	273	122	212	105	66	67	183	186	248	359
1957 I	722	77	66	579	268	104	207	95	58	63	196	167	236	343
1957 II	727	74	65	588	274	111	203	96	61	65	196	170	236	352
1957 III	736	68	59	609	277	127	205	96	64	70	190	189	246	363
1957 IV	739	67	63	609	280	121	208	113	61	70	185	180	256	353
1958 I	741	65	64	612	274	125	213	107	63	67	183	192	251	361
1958 II	731	62	64	605	275	118	212	104	63	70	186	182	246	359
1958 III	733	56	68	609	276	122	211	104	68	64	186	187	245	364
1958 IV	731	55	73	603	266	124	213	104	69	69	176	185	251	352
1959 I	748	62	77	609	267	121	221	108	74	64	164	199	256	353
1959 II	758	62	79	617	271	130	216	111	71	64	168	203	254	363

See notes, page 61, for changes to this table.

Table 8. Building orders and work done <sup>(a)</sup>

£ million, 1954 prices, quarterly averages

	Housing	Other buildings and works		
		Public	Private	
			Indus- trial	Other
New orders received				
1957 I	143	90	52	44
II	116	81	48	46
III	110	100	44	41
IV	100	72	43	41
1958 I	107	96	46	42
II	105	77	39	40
III	109	67	41	38
IV	131	79	33	39
1959 I	163	86	47	47
II	147	90	54	48
New work done				
1957 I	126	77	60	39
II	128	83	62	39
III	118	82	59	40
IV	118	82	57	42
1958 I	110	79	58	41
II	116	87	55	43
III	113	90	57	42
IV	113	91	56	44
1959 I	118	88	59	44
II	125	98	60	45

(a) New orders received and work done by contractors in building and civil engineering.

Table 9. Changes in the volume of stocks

£ million, 1954 prices, quarterly averages

	Total stocks (a)	Manufacturing and Distribution							
		Total	Manufacturing			Wholesale		Retail	
			Total	Materials and fuel	Work in progress	Finished goods	Industrial materials		Manu- factured goods
Value at end 1958(b)	8.1	6.0	4.1	1.7	1.5	0.9	0.3	0.7	0.8
1956	+ 66	+ 58	+ 49	+13	+24	+12	- 3	+ 6	+ 6
1957	+ 75	+ 71	+ 39	+ 5	+21	+13	+ 7	+17	+ 8
1958	+ 12	- 4	- 5	-31	+13	+13	- 5	+ 2	+ 4
1956 I	+125	..	+ 80	+ 6	+44	+30	..	..	+45
1956 II	+105	..	+ 80	-17	+46	+51	..	..	-22
1956 III	+ 55	..	+ 35	+58	+ 5	-28	..	..	+ 9
1956 IV	- 20	- 44	—	+ 4	—	- 4	+13	-47	-10
1957 I	+200	+204	+105	+33	+27	+45	-15	+75	+39
1957 II	+ 85	+ 75	+ 45	-33	+48	+30	- 7	+37	—
1957 III	+ 80	+ 66	+ 35	+26	+32	-23	+24	+ 7	—
1957 IV	- 65	- 64	- 30	- 6	-25	+ 1	+24	-51	- 7
1958 I	+ 65	+ 73	+ 40	-36	+28	+48	-16	+17	+32
1958 II	- 20	- 42	- 5	-77	+26	+46	-27	+ 7	-17
1958 III	+ 60	+ 27	- 20	+ 6	+11	-37	+21	+19	+ 7
1958 IV	- 55	- 75	- 35	-19	-12	- 4	+ 1	-35	- 6
1959 I	+ 50	+ 19	+ 10	- 9	+ 2	+17	-23	+11	+21
1959 II	+ 85	+ 21	+ 5	- 8	+39	-26	- 5	- 1	+22

See notes, page 61, for changes to this table.

(a) This series is seasonally adjusted in table 1.  
(b) £ billion.



Table 10. Finance

Quarterly averages

	Money supply : per cent of total final sales	London Clearing Banks			New capital issues				Treasury bills out- standing	Hire purchase debt			Yields	
		Liquidity ratio	Advances		Overseas	Local authori- ties	Manu- facturing, distrib- ution	Other		Total	Owing to finance houses	Owing to house- hold goods shops	On 2½ % Consols	On ordinary shares
			Total	Nation- alised indus- tries										
per cent		£mn., change in period		£ million				£ million, change in period				per cent		
1948	50.1	28.8	+ 43	..	9.5	—	29.7	30.2	— 29	..	..	..	3.21	4.62
1949	47.4	32.1	+ 36	..	10.5	—	25.8	3.0	— 71	..	..	..	3.30	5.49
1950	44.8	39.0	+ 30	..	13.0	—	36.5	40.5	— 29	..	..	..	3.54	5.27
1951	39.1	37.4	+ 72	..	12.5	—	34.5	26.0	— 212	..	..	..	3.78	5.78
1952	37.5	34.4	— 45	..	13.1	—	28.0	55.6	— 20	..	..	..	4.23	6.46
1953	37.1	35.1	— 10	..	14.3	4.8	27.7	61.8	+ 28	..	..	..	4.08	6.06
1954	36.5	33.7	+ 48	..	19.8	4.5	43.4	64.9	+ 100	..	..	..	3.75	5.40
1955	34.0	32.5	— 11	..	15.9	2.2	47.7	92.8	+ 86	..	..	..	4.17	5.43
1956	31.4	35.3	+ 15	..	13.1	13.5	53.5	11.2	— 131	— 21	— 8	— 13	4.73	6.25
1957	30.6	35.1	— 8	— 8	16.3	6.4	58.0	11.1	+ 181	+ 18	+ 21	— 3	4.98	6.27
1958	31.0	34.0	+ 91	—	18.5	15.2	38.3	17.9	— 83	+ 28	+ 19	+ 9	4.98	6.23
1958 I	31.1	35.9	+ 36	— 28	18.0	27.4	64.0	10.8	— 1113	+ 3	+ 13	— 10	5.19	6.99
II	31.0	32.8	+ 112	+ 20	27.0	12.7	50.7	8.6	+ 282	+ 18	+ 23	— 5	4.99	6.49
III	31.2	33.5	— 2	— 5	7.4	15.8	21.0	39.4	+ 163	+ 12	+ 8	+ 4	4.90	5.96
IV	30.7	33.8	+ 218	+ 14	21.7	5.0	17.2	12.9	+ 335	+ 78	+ 32	+ 46	4.85	5.46
1959 I	31.8	32.7	+ 238	— 6	25.8	5.0	65.9	47.9	— 415	+ 57	+ 42	+ 15	4.76	5.30
II	31.4	31.4	+ 132	— 9	5.1	16.4	39.9	56.3	+ 168	+ 92	+ 70	+ 22	4.84	5.00
III		32.9	+ 153	+ 8	3.4	—	71.0	80.7	+ 194	+ 76	+ 51	+ 25	4.78	4.86
April		31.2	+ 144	+ 4					+ 119	+ 78	+ 60	+ 18	4.83	5.10
May		30.9	+ 165	— 3					+ 45	+ 96	+ 72	+ 24	4.87	4.94
June		32.3	+ 87	— 27					+ 339	+ 102	+ 78	+ 24	4.83	4.97
July		32.7	+ 252	+ 49					+ 355	+ 102	+ 75	+ 27	4.74	5.09
August		32.9	+ 108	— 24					— 243	+ 42	+ 24	+ 18	4.76	4.69
Sept.		33.2	+ 99	+ 10					+ 471	+ 84	+ 54	+ 30	4.85	4.81
October		34.4	+ 202											

Table 11. U.K. imports and exports and changes in imported stocks

Quarterly averages

Quarterly averages

	Imports				Exports (exc. re-exports)				Balance of visible trade as recorded (b)	Terms of trade import/export	Stock changes of mainly imported commodities				
	Value c.i.f.		Volume		Value f.o.b.		Volume				Total	Total	Food and tobacco	Industrial materials	Fuel
	As recorded	Adjusted (a)	As recorded	Adjusted (a)	As recorded	Adjusted (a)	As recorded	Adjusted (a)							
	£mn.		1954 = 100		£mn.		1954 = 100								
1950	648	648	89	89	546	550	101	100	— 82	100	— 30.3	— 33.4	— 14.1	— 20.1	+ 0.8
1951	971	971	100	100	649	651	100	98	— 292	113	+ 32.0	+ 19.7	+ 10.4	+ 2.0	+ 7.3
1952	864	864	92	92	641	641	94	92	— 188	106	+ 20.8	+ 20.5	+ 2.1	+ 13.4	+ 5.0
1953	829	829	99	99	639	644	96	95	— 164	100	+ 22.0	+ 16.9	+ 9.6	+ 3.8	+ 3.5
1954	837	837	100	100	662	666	100	100	— 150	100	— 5.0	— 5.0	— 2.1	— 5.7	+ 2.8
1955	964	964	112	112	719	712	107	105	— 216	101	+ 2.0	+ 2.0	— 4.5	+ 1.8	+ 4.7
1956	965	973	111	112	785	784	113	112	— 145	99	— 13.3	— 12.1	— 0.6	— 10.9	— 0.6
1957	1,011	1,003	115	114	823	821	116	113	— 156	96	+ 25.2	+ 21.9	+ 5.9	+ 8.0	+ 8.0
1958	938	933	115	114	793	793	111	110	— 110	90	— 1.3	— 1.0	— 0.3	— 1.5	+ 0.8
1958 I	929	929	114	114	813	803	113	110	— 76	90	} — 27.8	— 19.7	+ 2.3	— 15.5	— 6.5
II	901	921	110	113	767	799	108	110	— 99	90		— 31.5	— 20.7	— 4.9	— 5.8
III	939	919	113	111	776	776	109	108	— 128	90		+ 14.2	— 9.3	+ 17.4	+ 6.1
IV	986	966	121	119	815	797	115	111	— 136	90		+ 25.3	+ 33.5(c)	+ 25.0	— 0.7
1959 I	941	961	117	119	790	780	110	107	— 117	90	} — 4.4	+ 5.3	+ 14.3	— 8.7	— 0.4
II	983	983	123	123	845	835	118	115	— 106	89		— 14.6	— 32.1	— 6.4	+ 23.9
III	984	984	119	120	789	829	111	115	— 164	90					
May	933	933	..	116	898	858	..	118	— 4	89					
June	995	995	..	123	755	776	..	106	— 210	89					
July	1,059	1,059	..	131	863	850	..	117	— 167	90					
August	916	916	..	112	766	799	..	111	— 122	91					
Sept.	991	991	..	118	739	836	..	116	— 217	90					
October	1,081	1,081	..	131	918	909	..	126	— 119	91					

(a) Both imports and exports are adjusted for dock strikes, delays, and certain other statistical disturbances; exports are adjusted for seasonal movements and for working days, and exclude lend-lease silver. (b) Exports and re-exports less imports. (c) This figure is not adjusted for accelerated clearances at end of 1958.

Table 12. Volume of U.K. imports, by commodity

Index numbers, 1954 = 100

	Food and beverages	Tobacco	Basic materials					Fuels		Semi-manufactures and manufactures mainly for industrial use				Finished manufactures	
			Total	Textile materials	Wood	Pulp	Ores and scrap	Total	Petroleum and products	Total	Iron and steel	Non-ferrous metals	Textile manufactures	Total	Machinery
Value 1958 £mn	1,406	87	899	247	141	98	138	441	434	586	47	175	85	316	166
1950	92	97	97	110	77	72	88	65	68	86	139	78	121	74	80
1951	101	113	102	96	120	87	82	86	88	111	150	91	152	76	86
1952	91	71	90	88	83	73	90	83	87	97	352	103	71	107	142
1953	102	104	101	110	101	82	95	90	94	86	198	85	65	115	118
1954	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1955	107	111	106	98	114	118	112	121	107	126	363	109	107	122	124
1956	109	102	102	100	92	113	114	115	112	121	379	101	120	136	137
1957	114	103	106	101	101	112	126	114	115	122	215	110	129	152	145
1958	120	101	94	89	89	111	94	124	129	119	139	114	124	166	153
1956 III	98	111	105	81	130	126	127	121	118	112	318	97	114	123	125
1956 IV	109	172	99	101	100	120	111	98	98	116	264	108	119	147	142
1957 I	126	64	109	132	64	105	109	102	101	119	222	102	133	156	140
1957 II	111	61	107	104	93	117	124	117	117	118	206	104	126	158	140
1957 III	104	136	106	79	141	112	142	125	127	122	209	112	120	142	141
1957 IV	114	151	103	88	107	115	127	112	114	129	222	123	137	153	159
1958 I	120	51	95	98	57	102	104	114	118	125	194	114	139	160	147
1958 II	119	68	92	92	74	110	106	116	121	113	153	107	108	159	147
1958 III	117	133	90	64	126	113	87	128	134	118	116	124	111	169	150
1958 IV	124	152	97	100	100	118	77	137	144	122	93	110	139	178	167
1959 I	128	42	93	110	59	114	74	134	140	120	96	115	135	166	161
1959 II	121	78	100	109	90	115	76	154	162	131	149	121	135	205	191
1959 III	111	105	101	85	135	114	104	144	151	134	134	121	146	209	171

Table 13. Volume of U.K. exports, by commodity and area

Index numbers, 1954 = 100, seasonally adjusted

	By commodity											By area			
	Food, bever- ages, tobacco	Basic mater- ials, fuels	Manufactures									Sterling area (b)	Other primary pro- ducers	North America	Western Europe
			Total	Metals and engineering					Textiles	Chem- icals	Other manu- factures (a)				
				Total	Metals	Metal goods (a)	Machin- ery	Trans- port equip- ment							
Value 1958 £mn	188	240	2,665	1,813	280	186	788	559	254	262	335	1,429	366	461	835
1950	93	78	106	102	106	101	99	105	125	79	121	94	129	105	94
1951	95	61	105	100	80	103	104	101	126	92	118	101	114	100	90
1952	91	77	96	98	84	97	106	93	94	77	100	91	111	94	89
1953	94	93	96	97	94	105	100	92	103	79	97	94	93	112	96
1954	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1955	106	100	109	110	113	114	110	106	96	116	112	106	102	115	107
1956	115	103	115	118	126	110	117	121	92	127	113	105	113	137	116
1957	124	96	117	121	139	105	120	123	92	137	113	105	120	143	116
1958	120	98	113	118	135	90	114	127	78	134	112	101	114	153	107
1957 I	114	103	117	119	148	108	117	113	95	139	113	103	112	138	123
1957 II	129	97	118	123	145	109	121	122	94	137	111	107	118	146	117
1957 III	124	92	118	123	131	101	121	132	92	136	113	107	122	148	114
1957 IV	129	93	116	121	133	101	120	126	85	134	113	105	127	141	111
1958 I	113	97	114	118	126	93	116	126	87	135	113	105	116	147	107
1958 II	121	92	107	112	128	88	109	118	76	127	107	97	112	147	102
1958 III	128	100	116	123	140	85	117	140	77	143	110	104	119	148	112
1958 IV	119	101	114	120	148	94	113	126	74	133	117	98	110	168	107
1959 I	102	106	110	114	135	82	110	124	74	142	110	90	117	167	109
1959 II	119	107	118	121	130	92	118	135	81	156	115	97	109	197	116
1959 III	130	101	118	122	162	86	119	124	79	164	110	97	108	189	119

(a) Unadjusted.

(b) Including Iraq.



Table 14. Trade of industrial countries

\$ billion, quarterly averages

	Total (a)			U.S.A.			Canada			U.K.			Continental O.E.E.C. (a)		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	8.29	9.15	-0.86	3.17	2.01	+1.16	0.84	0.76	+0.08	1.65	2.09	-0.44	2.57	4.12	-1.54
1949	8.66	9.03	-0.37	3.02	1.88	+1.14	0.77	0.73	+0.04	1.71	2.13	-0.42	3.03	4.06	-1.03
1950	8.43	9.38	-0.95	2.57	2.40	+0.17	0.77	0.80	-0.03	1.58	1.82	-0.24	3.31	4.12	-0.81
1951	11.32	12.77	-1.45	3.76	2.97	+0.79	1.01	1.05	-0.04	1.90	2.73	-0.84	4.31	5.52	-1.20
1952	11.99	12.43	-0.43	3.80	2.92	+0.89	1.19	1.12	+0.07	1.91	2.43	-0.52	4.77	5.45	-0.68
1953	12.16	12.42	-0.26	3.95	2.95	+1.00	1.15	1.21	-0.06	1.88	2.34	-0.46	4.86	5.32	-0.46
1954	12.61	12.78	-0.17	3.78	2.76	+1.02	1.11	1.14	-0.03	1.94	2.36	-0.42	5.37	5.92	-0.55
1955	13.85	14.52	-0.67	3.89	3.09	+0.80	1.20	1.29	-0.09	2.12	2.72	-0.60	6.14	6.80	-0.66
1956	15.78	16.32	-0.53	4.77	3.44	+1.34	1.32	1.57	-0.25	2.32	2.72	-0.40	6.75	7.78	-1.03
1957	17.22	17.65	-0.43	5.21	3.54	+1.66	1.37	1.59	-0.22	2.42	2.85	-0.43	7.51	8.60	-1.08
1958	16.40	16.36	+0.04	4.46	3.50	+0.96	1.36	1.45	-0.09	2.35	2.65	-0.30	7.51	8.01	-0.50
1956 I	14.30	15.43	-1.13	4.23	3.50	+0.73	1.12	1.37	-0.25	2.28	2.75	-0.47	6.12	7.12	-1.00
II	16.11	16.63	-0.52	4.92	3.41	+1.51	1.36	1.71	-0.35	2.39	2.77	-0.38	6.84	7.93	-1.09
III	15.42	16.00	-0.58	4.71	3.39	+1.32	1.37	1.53	-0.16	2.15	2.62	-0.47	6.57	7.64	-1.07
IV	17.28	17.15	+0.13	5.22	3.44	+1.78	1.43	1.63	-0.20	2.46	2.73	-0.27	7.45	8.45	-1.00
1957 I	17.09	17.90	-0.81	5.44	3.52	+1.92	1.23	1.53	-0.30	2.45	2.96	-0.51	7.32	8.82	-1.50
II	17.37	18.19	-0.82	5.47	3.49	+1.98	1.35	1.75	-0.40	2.47	2.91	-0.46	7.41	8.76	-1.36
III	16.77	17.22	-0.45	4.91	3.50	+1.41	1.47	1.58	-0.11	2.31	2.79	-0.48	7.31	8.28	-0.97
IV	17.61	17.27	+0.34	5.00	3.67	+1.33	1.42	1.48	-0.06	2.45	2.75	-0.30	7.98	8.50	-0.52
1958 I	15.94	16.26	-0.32	4.40	3.44	+0.96	1.18	1.31	-0.13	2.41	2.61	-0.20	7.24	8.10	-0.86
II	16.20	16.28	-0.08	4.57	3.43	+1.14	1.44	1.55	-0.09	2.27	2.55	-0.28	7.24	7.97	-0.73
III	15.82	15.76	+0.06	4.17	3.33	+0.84	1.36	1.39	-0.03	2.30	2.65	-0.35	7.30	7.66	-0.36
IV	17.63	17.12	+0.51	4.71	3.79	+0.92	1.45	1.54	-0.09	2.42	2.77	-0.35	8.25	8.30	-0.05
1959 I	15.60	16.33	-0.73	4.14	3.87	+0.27	1.14	1.38	-0.24	2.31	2.64	-0.33	7.28	7.67	-0.39
II	17.27	18.15	-0.88	4.45	4.18	+0.27	1.49	1.77	-0.28	2.45	2.77	-0.32	8.07	8.48	-0.41
III				4.35	3.83	+0.52	1.39	1.60	-0.21	2.30	2.77	-0.47			

(a) Excludes W. Germany in 1948 and 1949 and Spain throughout.

Table 14 (contd.). Trade of industrial countries

\$ billion, quarterly averages

	Western Germany			France			Italy			Netherlands			Japan		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	..	..	..	0.50	0.86	-0.36	0.27	0.38	-0.12	0.26	0.47	-0.21	0.06	0.17	-0.11
1949	..	..	..	0.68	0.82	-0.14	0.28	0.39	-0.11	0.34	0.46	-0.13	0.13	0.23	-0.10
1950	0.49	0.67	+0.18	0.76	0.76	—	0.30	0.37	-0.07	0.35	0.51	-0.16	0.20	0.24	-0.04
1951	0.87	0.87	-0.01	1.02	1.11	-0.09	0.41	0.54	-0.13	0.49	0.64	-0.15	0.34	0.50	-0.16
1952	1.00	0.95	+0.05	0.96	1.08	-0.12	0.35	0.58	-0.24	0.53	0.56	-0.03	0.32	0.51	-0.19
1953	1.10	0.94	+0.15	0.95	0.99	-0.04	0.38	0.60	-0.23	0.54	0.59	-0.06	0.32	0.60	-0.28
1954	1.31	1.14	+0.17	1.05	1.06	-0.01	0.41	0.61	-0.20	0.60	0.71	-0.11	0.41	0.60	-0.19
1955	1.53	1.45	+0.09	1.23	1.18	+0.04	0.46	0.68	-0.21	0.67	0.80	-0.13	0.50	0.62	-0.11
1956	1.84	1.65	+0.19	1.13	1.39	-0.25	0.54	0.79	-0.26	0.72	0.93	-0.21	0.62	0.81	-0.18
1957	2.14	1.87	+0.27	1.28	1.54	-0.26	0.63	0.91	-0.27	0.77	1.03	-0.25	0.71	1.07	-0.36
1958	2.20	1.84	+0.36	1.28	1.40	-0.12	0.63	0.79	-0.16	0.81	0.91	-0.10	0.72	0.76	-0.04
1956 I	1.56	1.45	+0.11	1.07	1.26	-0.19	0.50	0.76	-0.26	0.67	0.85	-0.18	0.55	0.69	-0.14
II	1.89	1.65	+0.24	1.17	1.47	-0.30	0.50	0.80	-0.30	0.74	0.93	-0.19	0.60	0.81	-0.21
III	1.82	1.69	+0.13	1.06	1.33	-0.27	0.55	0.76	-0.21	0.70	0.94	-0.24	0.62	0.82	-0.20
IV	2.08	1.83	+0.25	1.23	1.48	-0.25	0.60	0.83	-0.23	0.76	0.99	-0.23	0.72	0.90	-0.18
1957 I	2.00	1.81	+0.19	1.33	1.69	-0.36	0.59	0.92	-0.33	0.76	1.08	-0.32	0.65	1.06	-0.41
II	2.11	1.81	+0.30	1.29	1.68	-0.39	0.63	0.94	-0.31	0.72	1.04	-0.33	0.67	1.28	-0.61
III	2.15	1.87	+0.27	1.16	1.43	-0.27	0.65	0.85	-0.20	0.78	1.01	-0.23	0.77	1.07	-0.30
IV	2.31	2.00	+0.32	1.32	1.36	-0.04	0.67	0.92	-0.25	0.84	0.97	-0.14	0.76	0.87	-0.11
1958 I	2.06	1.82	+0.23	1.27	1.51	-0.24	0.61	0.82	-0.21	0.77	0.87	-0.10	0.71	0.80	-0.09
II	2.13	1.72	+0.41	1.22	1.52	-0.30	0.63	0.81	-0.18	0.76	0.90	-0.14	0.68	0.78	-0.09
III	2.23	1.83	+0.40	1.15	1.26	-0.11	0.64	0.76	-0.12	0.81	0.88	-0.07	0.69	0.73	-0.04
IV	2.39	1.99	+0.40	1.47	1.32	+0.15	0.65	0.78	-0.13	0.88	0.97	-0.09	0.80	0.72	+0.08
1959 I	2.12	1.80	+0.32	1.18	1.20	-0.02	0.63	0.76	-0.13	0.81	0.90	-0.09	0.73	0.79	-0.06
II	2.40	2.04	+0.36	1.42	1.31	+0.11	0.65	0.84	-0.19	0.88	0.99	-0.11	0.81	0.95	-0.14
III	2.46	2.12	+0.34	1.34	1.14	+0.20	0.76	0.80	-0.04	0.81	0.95	-0.14	0.90	0.91	-0.01

Table 15. Trade of primary producing countries

\$ billion, quarterly averages

	Total			Overseas sterling area (excluding oil producers)			Australia			New Zealand			India		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	4.92	5.56	-0.64	1.98	2.33	-0.35	0.41	0.35	+0.06	0.12	0.11	+0.01	0.34	0.43	-0.09
1949	4.70	5.52	-0.82	1.91	2.45	-0.54	0.40	0.40	—	0.14	0.11	+0.03	0.33	0.51	-0.18
1950	5.47	5.16	+0.31	2.10	2.09	+0.01	0.42	0.41	+0.01	0.13	0.11	+0.01	0.29	0.29	—
1951	6.91	7.19	-0.28	2.81	3.02	-0.21	0.51	0.61	-0.10	0.17	0.15	+0.02	0.40	0.45	-0.05
1952	6.11	7.16	-1.06	2.38	2.85	-0.47	0.42	0.49	-0.07	0.17	0.19	-0.03	0.32	0.42	-0.10
1953	6.25	6.34	-0.09	2.31	2.41	-0.10	0.49	0.37	+0.13	0.16	0.13	+0.03	0.28	0.30	-0.02
1954	6.47	6.71	-0.24	2.31	2.56	-0.24	0.41	0.47	-0.05	0.17	0.17	—	0.30	0.32	-0.03
1955	6.86	7.27	-0.41	2.47	2.88	-0.41	0.44	0.54	-0.10	0.18	0.20	-0.02	0.32	0.35	-0.03
1956	7.17	7.64	-0.47	2.59	3.01	-0.42	0.47	0.49	-0.02	0.19	0.19	+0.01	0.32	0.42	-0.10
1957	7.45	8.62	-1.17	2.71	3.32	-0.61	0.55	0.48	+0.07	0.19	0.21	-0.01	0.35	0.51	-0.16
1958	7.15	8.08	-0.93	2.52	3.09	-0.58	0.41	0.51	-0.10	0.17	0.20	-0.03	0.30	0.41	-0.11
1956 I	7.20	7.47	-0.27	2.58	3.01	-0.43	0.34	0.51	-0.17	0.23	0.18	+0.05	0.34	0.42	-0.08
II	7.27	7.70	-0.43	2.60	3.01	-0.41	0.54	0.51	+0.03	0.20	0.18	+0.02	0.27	0.40	-0.13
III	6.92	7.57	-0.65	2.43	2.98	-0.55	0.41	0.48	-0.07	0.18	0.20	-0.02	0.30	0.44	-0.14
IV	7.30	7.82	-0.52	2.75	3.05	-0.30	0.59	0.43	+0.17	0.16	0.18	-0.02	0.35	0.44	-0.09
1957 I	7.71	8.16	-0.41	2.95	3.26	-0.31	0.62	0.44	+0.18	0.22	0.18	+0.04	0.34	0.48	-0.14
II	7.51	8.70	-1.19	2.72	3.36	-0.64	0.57	0.48	+0.09	0.20	0.20	—	0.31	0.55	-0.24
III	7.25	8.67	-1.42	2.55	3.35	-0.80	0.46	0.49	-0.03	0.19	0.23	-0.04	0.37	0.52	-0.15
IV	7.34	8.96	-1.62	2.64	3.32	-0.68	0.55	0.50	+0.05	0.15	0.22	-0.07	0.35	0.46	-0.11
1958 I	7.30	8.20	-0.90	2.60	3.23	-0.63	0.42	0.52	-0.10	0.22	0.20	+0.02	0.30	0.43	-0.13
II	7.02	7.92	-0.90	2.40	3.05	-0.65	0.39	0.51	-0.12	0.19	0.21	-0.01	0.24	0.39	-0.15
III	6.90	7.82	-0.92	2.44	2.94	-0.50	0.37	0.52	-0.15	0.15	0.19	-0.04	0.34	0.38	-0.04
IV	7.38	8.38	-1.00	2.59	3.14	-0.55	0.48	0.51	-0.03	0.14	0.20	-0.06	0.33	0.44	-0.11
1959 I	7.30	7.20	-0.10	2.63	2.87	-0.24	0.46	0.50	-0.04	0.22	0.14	+0.08	0.28	0.40	-0.12
II	7.67	7.88	-0.21	2.76	3.12	-0.36	0.49	0.53	-0.04	0.22	0.15	+0.07	0.26	0.47	-0.21
III				0.45	0.54	-0.09							0.35	0.38	-0.03

See notes, page 61, for changes to this table.

Table 15 (contd.). Trade of primary producing countries

\$ billion, quarterly averages

	South Africa			Latin America excluding Venezuela			Oil producing countries						Others (excluding oil producers)		
	Exports	Imports	Balance	Exports	Imports	Balance	Sterling <sup>(a)</sup>			Non-Sterling			Exports	Imports	Balance
1948	0.15	0.40	-0.25	1.38	1.35	+0.03	0.12	0.15	-0.03	0.57	0.46	+0.11	0.87	1.27	-0.40
1949	0.15	0.33	-0.18	1.14	1.15	-0.01	0.17	0.14	+0.03	0.61	0.44	+0.17	0.88	1.35	-0.47
1950	0.17	0.25	-0.08	1.41	1.24	+0.17	0.22	0.16	+0.06	0.71	0.44	+0.27	1.03	1.23	-0.20
1951	0.22	0.38	-0.15	1.61	1.77	-0.16	0.31	0.19	+0.12	0.81	0.51	+0.30	1.37	1.70	-0.33
1952	0.22	0.34	-0.12	1.40	1.71	-0.31	0.37	0.22	+0.15	0.73	0.55	+0.18	1.23	1.83	-0.60
1953	0.23	0.35	-0.12	1.54	1.42	+0.12	0.42	0.25	+0.17	0.74	0.54	+0.20	1.24	1.72	-0.48
1954	0.26	0.36	-0.10	1.55	1.59	-0.04	0.47	0.25	+0.22	0.86	0.60	+0.26	1.27	1.71	-0.44
1955	0.26	0.37	-0.11	1.52	1.61	-0.09	0.53	0.29	+0.24	0.96	0.66	+0.30	1.38	1.83	-0.45
1956	0.30	0.38	-0.09	1.58	1.66	-0.08	0.53	0.31	+0.22	1.08	0.74	+0.34	1.39	1.91	-0.52
1957	0.32	0.42	-0.10	1.56	1.88	-0.32	0.52	0.34	+0.18	1.18	0.92	+0.26	1.47	2.15	-0.68
1958	0.28	0.43	-0.15	1.46	1.72	-0.26	0.61	0.31	+0.30	1.14	0.91	+0.23	1.42	2.03	-0.62
1956 I	0.27	0.40	-0.13	1.61	1.61	—	0.55	0.31	+0.24	1.06	0.73	+0.33	1.40	1.81	-0.41
II	0.28	0.39	-0.11	1.60	1.63	-0.03	0.57	0.31	+0.26	1.07	0.72	+0.35	1.42	2.02	-0.60
III	0.29	0.37	-0.08	1.53	1.65	-0.12	0.57	0.31	+0.26	1.08	0.74	+0.34	1.31	1.89	-0.58
IV	0.30	0.36	-0.06	1.57	1.76	-0.19	0.44	0.31	+0.13	1.09	0.76	+0.33	1.45	1.94	-0.49
1957 I	0.33	0.41	-0.07	1.68	1.71	-0.03	0.42	0.30	+0.12	1.13	0.87	+0.26	1.53	2.02	-0.49
II	0.32	0.42	-0.10	1.55	1.86	-0.31	0.52	0.37	+0.15	1.25	0.88	+0.37	1.47	2.23	-0.76
III	0.30	0.43	-0.13	1.50	1.90	-0.40	0.58	0.37	+0.21	1.21	0.93	+0.28	1.41	2.12	-0.71
IV	0.34	0.43	-0.09	1.53	2.05	-0.52	0.57	0.35	+0.22	1.14	1.01	+0.13	1.46	2.23	-0.77
1958 I	0.30	0.48	-0.18	1.45	1.66	-0.21	0.62	0.30	+0.32	1.13	0.91	+0.22	1.49	2.10	-0.61
II	0.29	0.45	-0.16	1.45	1.75	-0.30	0.60	0.33	+0.27	1.09	0.85	+0.24	1.48	1.94	-0.46
III	0.26	0.40	-0.15	1.41	1.77	-0.36	0.61	0.31	+0.30	1.14	0.85	+0.29	1.30	1.95	-0.65
IV	0.28	0.38	-0.10	1.53	1.72	-0.19	0.63	0.32	+0.31	1.23	1.05	+0.18	1.40	2.15	-0.75
1959 I	0.28	0.36	-0.08	1.46	1.35	+0.11	0.63	0.32	+0.31	1.21	0.93	+0.28	1.36	1.73	-0.44
II	0.30	0.39	-0.09	1.48	1.58	-0.10	0.63	0.33	+0.30	1.17	0.91	+0.26	1.63	1.94	-0.31
III	0.31	0.38	-0.07												

See notes, page 61, for changes to this table.

(a) Including Iraq.



Table 16. World industrial production

Index numbers, 1953 = 100, seasonally adjusted

	World (a) (b)	U.S.A.	Canada	U.K.	Continental O.E.E.C. (c)	Western Ger- many	France	Italy	Belgium	Sweden	Nether- lands	Austria	Latin America (a)	Japan (a)	U.S.S.R.
1950	83	84	83	94	82	72	89	78	93	95	88	86	91	55	69
1951	92	90	90	98	92	85	99	89	106	100	91	97	96	74	80
1952	94	93	94	94	94	91	98	91	101	98	91	98	98	82	89
1953	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1954	100	93	100	108	109	112	109	109	106	104	110	114	107	108	113
1955	111	104	110	114	121	129	117	119	116	111	118	133	118	117	127
1956	116	107	120	114	130	139	128	128	123	115	123	138	126	144	141
1957	120	107	120	116	138	147	139	138	123	119	126	146	134	167	155
1958	117	100	117	114	142	152	154	141	115	119	126	150	136	169	170
1957 I	120	108	123	115	137	146	141	136	125	118	129	142	127	163	
II	121	108	121	116	139	147	143	137	124	120	127	146	134	172	
III	117	108	120	117	139	146	146	139	117	120	125	146	138	168	
IV	120	104	116	116	141	149	151	139	123	120	123	150	135	165	
1958 I	115	97	117	116	142	151	156	139	118	121	124	151	128	167	
II	115	96	118	114	142	150	154	138	112	119	126	149	134	163	
III	114	101	117	113	142	151	153	140	114	119	127	151	140	166	
IV	123	105	119	115	145	155	151	145	115	120	129	149	139	179	
1959 I	122	108	124	116	145	156	152	148	113	122	133	151		190	
II		114	128	120	148	159	157	150	117	122	137	152			
III		112				161	160								
May		114	128	119	147	158	156	147	115	119	138	145		201	
June		116	127	121	151	160	159	155	119	122	138	159			
July		114	126	122	151	158	162	154	121	123	138	159			
August		111		122		162	158								
September		110				162	160								

(a) World, Latin America and Japan are not seasonally adjusted.

(b) Excludes U.S.S.R., Eastern Europe and China.

(c) Excludes Spain.

Table 17. The United States<sup>(a)</sup>Quarterly averages, seasonally adjusted<sup>(b)</sup>

Quarterly averages, seasonally adjusted (a)																
	Gross national product	Consumers' expenditure		Public spending on goods and services		Gross private fixed investment		Value of physical changes in stocks	Net foreign investment	Durable goods		Building and contracting orders	Unemployment (c)	Employment (b)	Consumer prices (b)	
		Durable goods	Other goods and services	Federal	Other	Dwellings	Other			Manufacturers' sales	Manufacturers' new orders					
\$ billion, at constant 1954 prices										\$ billion at current prices		per cent	millions	1954 = 100		
1950		79.5	8.03	46.2	6.2	5.88	3.88	8.30	1.80	-0.70	26.41	30.95	4.6	5.0	59.96	89.5
1951		85.5	7.30	47.4	10.4	6.03	3.23	8.80	2.43	0.03	31.13	38.03	5.0	3.0	61.01	96.7
1952		88.4	7.13	49.0	13.7	6.13	3.20	8.75	0.75	-0.05	32.81	35.06	5.3	2.7	61.04	98.9
1953		92.3	8.28	50.5	15.1	6.38	3.40	9.13	0.13	-0.63	37.13	33.10	5.6	2.5	61.95	99.7
1954		90.8	8.10	51.4	12.2	6.93	3.85	8.78	-0.40	-0.10	33.71	30.47	6.3	5.0	60.89	100.0
1955		98.2	9.90	54.1	11.3	7.43	4.55	9.55	1.53	-0.15	39.24	41.56	7.6	4.0	62.94	99.7
1956		100.2	9.50	56.6	10.4	7.65	4.05	10.28	1.13	0.63	41.42	43.33	7.9	3.8	64.71	101.2
1957		102.1	9.63	58.1	10.7	8.08	3.85	10.28	0.50	0.95	42.48	39.26	8.0	4.3	65.01	104.7
1958		99.8	8.93	59.4	11.0	8.60	4.05	8.63	-0.89	0	37.21	36.43	8.8	6.8	63.97	107.6
1957	I	102.2	9.70	57.5	10.9	7.98	3.88	10.43	0.58	1.23	43.95	42.13	8.7	4.1	63.21	103.3
	II	102.5	9.60	57.9	10.9	8.03	3.83	10.33	0.93	1.05	42.76	40.60	8.4	4.1	65.31	104.3
	III	102.7	9.73	58.5	10.6	8.03	3.83	10.38	0.63	0.98	43.00	38.68	7.9	4.3	66.43	105.4
	IV	101.0	9.43	58.5	10.5	8.28	3.85	9.98	-0.13	0.58	40.57	35.92	7.5	4.9	65.09	105.8
1958	I	97.8	8.80	58.4	10.7	8.43	3.85	9.00	-1.60	0.20	36.35	32.88	7.8	6.5	62.18	106.9
	II	98.3	8.75	59.0	11.0	8.45	3.83	8.53	-1.33	0.03	35.26	34.50	9.0	7.2	63.98	107.7
	III	100.2	8.83	59.9	11.1	8.65	4.08	8.40	-0.80	0.13	37.36	37.55	9.8	7.4	65.06	107.8
	IV	102.7	9.38	60.2	11.3	8.88	4.45	8.53	0.28	-0.35	39.85	40.78	8.7	6.4	64.64	107.8
1959	I	105.2	9.70	60.9	11.2	9.10	4.83	8.70	1.40	-0.68	41.81	44.14	9.1	6.0	63.09	107.8
	II	108.0	10.30	61.8	11.3	9.10	5.05	9.05	2.30	-0.88	46.45	47.17	9.7	5.1	66.12	108.4
	III	106.6	10.15	62.1	11.2	9.31	4.92	9.27	0.22	-0.55	43.51	44.49				108.9
May							5.95(d)				46.55	45.72	9.3	4.9	66.02	108.0
June							5.83(d)				47.31	48.40	10.1	4.9	67.34	108.4
July							5.78(d)				46.15	46.48	9.9	5.1	67.59	108.8
August							5.63(d)				42.02	41.92	9.4	5.5	67.24	108.7
September							5.55(d)				42.35	45.05		5.6	66.35	109.1
October													6.0	66.80		

See notes, page 61, for changes to this table.

(a) The U.S. index of industrial production is shown in table 16.

(b) Employment and consumer prices are not seasonally adjusted.

(c) Per cent of civilian labour force.

(d) Figures at current prices.

Table 18. Industrial countries : imports by volume and import and export prices

Index numbers, 1953 = 100

	Volume of imports						Import prices				Export prices				
	U.S.A.	U.K.	OEEC. incl. U.K.		Western Germany	France	U.S.A.	U.K.	Western Germany	France	U.S.A.	U.K.	Western Germany	France	Japan
			From outside	Intra-trade											
1950	92	90	91	87	75	89	88	84	94	87	88	84	81	82	82
1951	91	101	98	93	77	101	111	112	120	114	101	99	99	97	122
1952	96	93	96	90	89	99	105	110	114	112	100	104	107	103	108
1953	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1954	93	101	108	115	126	108	103	99	96	99	99	99	96	94	97
1955	103	113	120	130	152	123	102	102	100	98	100	101	98	95	93
1956	112	112	130	139	171	142	104	104	102	99	103	105	101	100	96
1957	115	116	137	147	192	150	106	106	103	104	107	110	104	102	97
1958	119	116	138	145	206	149	100	98	95	95	106	109	103	98	91
1956 I	113	115	126	126	150	129	104	104	102	99	104	104	100	97	95
II	109	114	134	139	169	149	104	105	103	100	103	104	100	100	96
III	111	108	128	133	174	138	104	102	103	98	103	105	101	101	97
IV	113	111	133	152	191	150	105	106	101	101	104	106	102	101	97
1957 I	114	119	141	147	184	162	107	109	104	106	107	109	103	103	99
II	111	115	139	144	183	163	106	109	105	105	107	109	104	103	98
III	113	113	132	141	191	138	105	105	104	105	107	111	104	103	97
IV	119	116	134	154	210	138	104	101	101	100	108	110	104	98	95
1958 I	115	114	138	142	198	159	102	98	98	96	107	109	104	98	93
II	116	112	137	143	191	162	101	98	96	95	106	109	103	99	91
III	115	115	133	143	209	133	100	97	93	96	105	109	103	98	90
IV	130	122	144	156	228	142	99	98	93	94	106	108	102	96	89
1959 I	134	118	136	150	207	139	98	97	92	87	107	108	101	87	89
II	144	125	151		240	150	98	96	90	88	106	108	101	90	90
III	143	121			249	131		97	90			107	100		91

Table 19. Industrial countries' exports of manufactures

	Volume							Value, total	Shares					
	Total	U.S.A. (a)	U.K.	Western Germany	France	Japan	Others (b)		U.S.A. (a)	U.K. (c)	Western Germany	France	Japan	Others (b)
Index numbers, 1953 = 100							\$ bn., quarterly averages	Per cent of total value						
1950	86	86	110	42	98	81	84	5.0	27.3	25.5	7.3	9.9	3.4	26.6
1951	100	103	109	72	119	89	100	7.0	26.6	21.9	10.0	10.0	4.3	27.2
1952	98	102	100	87	96	94	98	6.9	26.2	21.5	12.0	9.2	3.8	27.3
1953	100	100	100	100	100	100	100	6.9	25.9	21.2	13.3	9.0	3.8	26.8
1954	111	106	104	127	110	140	108	7.4	25.2	20.3	14.8	9.0	4.7	26.0
1955	125	115	113	150	123	186	122	8.5	24.5	19.6	15.4	9.3	5.1	26.1
1956	136	128	120	174	114	222	133	9.6	25.3	19.0	16.4	7.8	5.7	25.8
1957	146	135	123	201	129	250	140	10.7	25.4	18.0	17.5	8.0	6.0	25.1
1958	145	122	118	213	139	255	143	10.5	23.3	17.8	18.6	8.6	6.0	25.7
1956 I	127	125	118	148	105	199	123	9.0	26.5	19.8	14.9	7.8	5.3	25.8
II	140	134	126	179	119	216	135	9.9	25.7	19.3	16.3	7.9	5.3	25.5
III	131	119	112	171	108	219	132	9.2	24.6	18.5	17.0	7.8	5.9	26.1
IV	145	131	123	196	120	255	143	10.4	24.5	18.3	17.3	7.8	6.1	26.0
1957 I	144	135	125	183	135	265	137	10.5	25.7	18.4	16.4	8.6	5.5	25.3
II	149	147	126	196	132	240	140	10.9	26.8	18.1	16.9	8.2	5.5	24.6
III	143	128	118	202	115	269	139	10.4	24.8	17.8	18.2	7.4	6.6	25.2
IV	150	132	122	223	133	265	144	10.9	24.5	17.6	18.6	7.8	6.2	25.3
1958 I	141	123	121	195	134	255	135	10.3	24.2	18.6	17.4	8.5	6.1	25.2
II	144	127	115	210	131	246	142	10.4	24.4	17.5	18.1	8.3	5.8	25.9
III	141	113	116	214	125	239	141	10.1	22.3	18.1	19.6	8.1	5.9	26.0
IV	154	123	120	230	165	279	153	11.1	22.5	17.0	19.1	9.5	6.1	25.8
1959 I	143	115	117	205	149	263	139	10.1	23.1	18.4	18.4	8.7	6.2	25.2
II	158	123	125	230	175	290	157	11.4	22.1	17.8	18.7	9.2	6.4	25.8
III			117					11.2	22.2	16.7	19.3	8.8	7.0	26.0

(a) Excluding special category.

(b) Belgium-Luxembourg, Canada, Italy, Netherlands, Sweden and Switzerland.

(c) U.K. figures adjusted to exclude Channel Islands, etc.



Table 20. Commodity prices

	N.I.E.S.R. price index numbers (a)										Commodity prices									
	Current U.K. import prices					Exports, primary producers					Wheat					Sugar				
	Food, tobacco					Fuels					Can. \$ per 60 lb.					U.S. cents per lb.				
	Industrial materials					Exports, primary producers					Indian rupees per lb.					U.S. cents per lb.				
	Total					Exports, primary producers					Cocoa					Cotton				
	U.S.A.	Canada	U.K.	Continental O.E.E.C.	Western Germany	France	Italy	Nether-lands	Belgium	Japan	Total	Sterling area countries	Australia	New Zealand	India	Pakistan	South Africa	Malaya	Oil producers	Latin America excl. Venezuela
	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973
1950	102.3	105.3	104.0	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5
1951	105.6	107.5	105.5	105.5	105.5	105.5	105.5	105.5	105.5	105.5	105.5	105.5	105.5	105.5	105.5	105.5	105.5	105.5	105.5	105.5
1952	105.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5
1953	101.8	101.3	100.7	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6
1954	98.5	99.2	99.2	99.6	99.6	99.6	99.6	99.6	99.6	99.6	99.6	99.6	99.6	99.6	99.6	99.6	99.6	99.6	99.6	99.6
1955	94.3	95.2	93.7	93.6	94.1	94.1	94.1	94.1	94.1	94.1	94.1	94.1	94.1	94.1	94.1	94.1	94.1	94.1	94.1	94.1
1956 1st half	94.1	97.0	91.9	92.8	93.0	93.0	93.0	93.0	93.0	93.0	93.0	93.0	93.0	93.0	93.0	93.0	93.0	93.0	93.0	93.0
1956 III	94.6	100.2	90.6	91.4	91.4	91.4	91.4	91.4	91.4	91.4	91.4	91.4	91.4	91.4	91.4	91.4	91.4	91.4	91.4	91.4
1956 IV	95.2	101.5	90.6	91.7	91.7	91.7	91.7	91.7	91.7	91.7	91.7	91.7	91.7	91.7	91.7	91.7	91.7	91.7	91.7	91.7
1957 I	95.7	102.8	90.8	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1
1957 II	95.7	102.8	90.8	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1
1957 III	95.7	102.8	90.8	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1
1957 IV	95.7	102.8	90.8	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1
1958 I	95.7	102.8	90.8	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1
1958 II	95.7	102.8	90.8	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1
1958 III	95.7	102.8	90.8	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1
1958 IV	95.7	102.8	90.8	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1
1959 Jan.	95.7	102.8	90.8	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1
1959 Feb.	95.7	102.8	90.8	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1
1959 March	95.7	102.8	90.8	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1
1959 April	95.7	102.8	90.8	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1
1959 May	95.7	102.8	90.8	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1
1959 June	95.7	102.8	90.8	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1
1959 July	95.7	102.8	90.8	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1
1959 August	95.7	102.8	90.8	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1
1959 September	95.7	102.8	90.8	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1
1959 October	95.7	102.8	90.8	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1	91.1

See notes, page 61, for changes to this table. (a) See National Institute Economic Review, No. 1, page 32, and No. 5, pages 69-70.

Table 21. Gold and foreign exchange reserves (a)

	Industrial countries										Primary producing countries							\$ billion				
	Total	U.S.A.	Canada	U.K.	Continental O.E.E.C.	Western Germany	France	Italy	Nether- lands	Belgium	Japan	Total	Sterling area countries	Aus- tralia	New Zealand	India	Pakistan		South Africa	Malaya	Oil pro- ducers	Latin America excl. Venezuela
1954	38.99	21.79	1.95	2.76	11.42	2.64	1.37	1.04	1.28	1.03	0.74	10.73	4.84	0.94	0.24	1.78	0.33	0.42	0.40	0.89	2.52	
1955	40.03	21.75	1.91	2.12	12.87	3.08	2.08	1.24	1.28	1.13	0.77	10.64	4.77	0.67	0.18	1.79	0.37	0.37	0.48	1.02	2.62	
1956	41.08	22.06	1.94	2.13	13.40	4.29	1.36	1.31	1.07	1.14	0.94	11.02	4.25	0.71	0.19	1.36	0.37	0.37	0.46	1.53	2.53	
1957	I	41.16	22.41	2.21	13.32	4.50	1.26	1.30	1.04	1.06	0.74	11.15	4.42	0.87	0.21	1.35	0.38	0.38	0.45	1.48	2.77	
	II	42.02	22.73	2.38	13.97	4.89	1.23	1.35	1.02	1.06	0.51	11.19	4.16	1.03	0.27	1.20	0.33	0.35	0.44	1.82	2.68	
	III	41.95	22.76	1.90	14.49	5.76	0.83	1.43	0.92	1.03	0.46	10.78	4.05	1.06	0.24	0.99	0.29	0.30	0.44	1.93	2.43	
	IV	42.67	22.86	1.84	14.68	5.64	0.78	1.53	1.06	1.13	0.52	10.36	3.86	1.05	0.14	0.87	0.29	0.29	0.43	1.95	2.36	
1958	I	43.09	22.49	1.88	14.81	5.56	..	1.61	1.24	1.21	0.63	9.87	3.97	1.03	0.12	0.81	0.32	0.25	0.42	1.76	2.12	
	II	42.87	21.41	1.93	15.61	5.83	..	1.71	1.29	1.35	0.72	9.58	3.74	0.98	0.14	0.70	0.28	0.22	0.42	1.80	2.07	
	III	42.74	20.93	1.90	16.79	6.10	0.90	2.05	1.34	1.42	0.76	9.18	3.57	0.90	0.16	0.63	0.23	0.25	0.42	1.60	2.07	
	IV	43.96	20.66	1.94	17.40	6.23	0.90	2.23	1.42	1.46	0.81	9.46	3.77	0.89	0.18	0.63	0.25	0.29	0.43	1.59	2.03	
1959 Jan.	43.81	20.53	1.91	3.11	17.39	6.10	1.04	2.36	1.52	1.43	0.87	9.87	3.77	0.91	0.18	0.65	0.26	0.31	0.42	1.62	2.03	
February	43.90	20.52	1.90	3.16	17.38	6.02	1.15	2.43	1.43	1.39	0.94	9.58	3.94	0.91	0.19	0.69	0.26	0.33	0.43	1.53	2.03	
March	43.94	20.49	1.90	3.14	17.44	5.63	1.25	2.51	1.42	1.41	0.97	9.46	3.91	0.90	0.22	0.70	0.26	0.33	0.43	1.60	2.03	
April	43.69	20.36	1.92	3.24	17.15	5.44	1.30	2.60	1.37	1.48	1.01	9.18	3.77	0.94	0.23	0.67	0.26	0.33	0.43	1.61	2.03	
May	43.85	20.23	1.93	3.12	17.50	5.55	1.50	2.70	1.37	1.47	1.07	9.18	3.80	0.98	0.24	0.67	0.26	0.34	0.43	1.65	2.03	
June	19.75	19.75	1.94	3.17	17.50	5.53	1.63	2.70	1.37	1.45	1.11	9.18	3.95	0.97	0.25	0.65	0.27	0.34	0.43	1.65	2.03	
July	19.67	19.67	1.93	3.22	17.77	5.51	1.77	2.70	1.39	1.44	1.20	9.18	3.95	0.94	0.27	0.62	0.27	0.38	0.43	1.65	2.03	
August	19.57	19.57	1.93	3.25	17.77	5.51	1.88	2.70	1.38	1.48	1.18	9.18	3.95	0.94	0.29	0.63	0.29	0.38	0.43	1.65	2.03	
September	3.28	3.28	1.93	3.22	17.77	5.51	1.88	2.70	1.38	1.48	1.18	9.18	3.95	0.94	0.29	0.63	0.29	0.38	0.43	1.65	2.03	
October	3.02	3.02	1.93	3.22	17.77	5.51	1.88	2.70	1.38	1.48	1.18	9.18	3.95	0.94	0.29	0.63	0.29	0.38	0.43	1.65	2.03	

# NOTES ON STATISTICAL APPENDIX

## GENERAL NOTES

### Country groups

The following country groups are used; they include all the countries listed against them, unless stated otherwise.

*Industrial countries*: USA, Canada, UK, Continental OEEC, and Japan.

*North America*: USA and Canada only.

*OEEC*: Austria, Belgium-Luxembourg, Denmark, France, West Germany, Greece, Iceland, Irish Republic, Italy, Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, UK.

*Continental OEEC*: Excludes sterling area countries—Irish Republic, Iceland, and UK.

*Western Europe*: Continental OEEC and Spain, Yugoslavia and Finland.

*Primary producing countries*: All countries not included as industrial countries above, except for Eastern area, Spain, Yugoslavia and Finland.

*Overseas sterling area*: The British Commonwealth (except Canada), British Trust Territories, British Protectorates and Protected States, Burma, Irish Republic, Iraq, Iceland, Jordan, Libya, Muscat and Oman.

*Latin America*: Central America, including Mexico but excluding the Panama Canal zone, and South American countries excluding European possessions.

*Oil-producing countries, sterling*: Iraq, British-protected Persian Gulf States (including Kuwait) and Aden, Sarawak, Brunei and Trinidad.

*Oil-producing countries, non-sterling*: Iran, Saudi Arabia, Venezuela and the Netherlands Antilles.

*Other primary producing countries*: All primary producing countries not included elsewhere.

*Eastern area*: Albania, Bulgaria, Czechoslovakia, Eastern Germany, Hungary, North Korea, North Vietnam, Poland, Roumania, Union of Soviet Socialist Republics, and the People's Republic of China.

### Valuation of imports and exports

Imports are valued c.i.f. and exports and re-exports f.o.b. unless otherwise stated.

## NEW OR REVISED SERIES

(Full definitions and explanations were given in the *National Institute Economic Review*, number 1, January 1959, pages 51-54. An article on pages 36-38 of that number explained the figures in table 11 for stock changes of imported commodities, and an article on pages 32-35 explained the NIESR price index numbers in table 20. The notes on page 53 of the March issue, on page 43 of the May issue, and on page 69 of the September issue of the Review described revisions or new figures; the notes below describe some further revisions.)

**Table 1. Gross domestic product**

Items of final expenditure are now shown at 1954 market prices, with an adjustment for indirect taxes (less subsidies), following the publication of official quarterly estimates (*Economic Trends*, July 1959).

Revisions to the official annual estimates (*National Income and Expenditure*, 1959) and to the quarterly figures account for most of the changes. These revisions have also made necessary the recalculation of the quarterly seasonal adjustments for many of the expenditure series. (The new adjustments will be published in a later issue.)

The output series for 'distribution' and 'other services' are no longer shown separately, but are now combined into a single series. Annual index numbers have been provided by the Central Statistical Office, and the quarterly figures by the London and Cambridge Economic Service.

**Table 6. Personal income and expenditure**

The quarterly series for consumers' expenditure on food have been revised because of changes in the seasonal adjustments. The new adjustment factors are: I + 4, II + 1, III + 0, IV - 5 per cent. (See *National Institute Economic Review*, no. 5, September 1959, p. 55.)

**Table 7. Fixed investment**

The series have been revised as a result of new annual estimates given in *National Income and Expenditure*, 1959, and some changes in the basic quarterly data. This has made some revision necessary to the seasonal correction factors (*National Institute Economic Review*, no. 5, September 1959, p. 55). The series principally affected are: Total fixed investment, excluding dwellings (revised factors I 0; II + 4; III + 3; IV - 6), manufacturing (factors for new Standard Industrial Classification, I + 4; II + 3; III + 2; IV - 7) and other industries and services (factors for new Standard Industrial Classification I + 0; II + 3; III + 2; IV - 5 per cent.).

**Table 9. Changes in the volume of stocks**

The previous estimates of stock changes in manufacturing have been revised on the basis of the official estimates in real terms made by the Board of Trade, first published in the *Board of Trade Journal*, 16 October 1959.

**Table 15. Trade of primary producing countries**

The series have been revised and are now—as far as possible—in line with the statistical data published by the International Monetary Fund.

**Table 17. The United States**

The third quarter 1959 figures for the components of the gross national product are preliminary estimates, deflated for price changes by the implied price change in total gross national product.

**Table 20. Commodity prices**

The price of Indian tea instead of Ceylonese tea will be given in future, on the grounds that India is a larger supplier of the world market than Ceylon. The new price quotation refers to Indian 'leaf' for export, at Calcutta auctions, including export taxes.





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